

Appendix 1

Wellington City Council's
2007/08 ANNUAL PLAN

Appendix 1

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Welcome to our annual plan for 2007/08.

Wellington is in great shape – in the latest survey of New Zealand's largest cities we once again came out top, with 93% of residents rating their quality of life as good or very good.

This plan is about building on the city's strengths, and on the vision set out last year in our 2006-16 long-term plan: a vision of Wellington as a thriving, internationally competitive city.

In the coming year we'll be working hard to increase the role events play in the life of the city, upgrade and improve parks, town centres and sport/recreation facilities, and boost our support for grass-roots organisations and communities.

We received more than 900 submissions on our draft annual plan. We've listened to your views and altered our plans accordingly. Thanks to all of you who took the time to have a say about the future of your city.

We can all look forward to another fantastic year of progress.

KERRY PRENDERGAST

MAYOR

Facing the challenges of a growing city.

The Wellington City Council is responsible for a huge range of services – protecting the environment, looking after the transport system and water supplies and other key infrastructure, providing libraries and recreation facilities, running events to keep the city lively and much, much more.

In managing the city's resources to deliver these services, we have to meet community expectations, respond to inflationary pressures, meet the challenges of a growing city, and ensure that today's actions don't burden future generations. In other words, we have to take a long term view.

The Council's programme for 2007/08 is aimed at meeting these challenges. It includes initiatives that will meet immediate needs, such as helping community groups that are facing rising costs. It also includes projects that will enhance the city in the long-term, such as development of parks and other facilities. On two major projects – New Zealand Memorial Park and the \$220 million upgrade of our housing portfolio – we have formed funding partnerships with central government.

Through efficient management and careful prioritisation, the Council has contained rates growth within acceptable parameters for 2007/08. As the city grows, we will continue to work hard to strike an appropriate balance between service provision and control of costs.

The 2007/08 programme aims to enhance the wellbeing of Wellingtonians, and to deliver on the Council's goal of ensuring Wellington is a world-class, internationally competitive city. Through our actions today, we can ensure the future is bright.

GARRY POOLE, CHIEF EXECUTIVE

OUR ROLE & DIRECTION

We have two key jobs. 1. To promote the **well-being** of Wellington and its people. 2. To facilitate **democratic local decision-making**.

The Wellington City Council is made up of 15 elected representatives – the mayor and 14 councillors. It's their job to make bylaws, set the city's overall strategic direction, and approve budgets, policies and plans aimed at achieving that direction. Part of their role is to listen and take the pulse of the community before making decisions.

The elected representatives are supported by the Council's chief executive and 1,450+ staff, who provide advice, implement Council decisions, and look after the city's day to day operations.

We seek your views before determining our work programme. Then we make ourselves accountable by reporting on our delivery of that programme.

Every three years we take a long-term look at how the city is doing, what the community's aspirations are, and how we can help to meet those aspirations. This helps form the basis of a long-term work programme – including budgets, policies, and information about how we'll monitor the levels of service we provide and the quality and effectiveness of our work. These details are published in a long-term plan.

In-between these three-yearly plans, we take a fresh look at our annual work programme and consider whether any changes are needed – changes to our budgets, for example, or new projects to help deal with issues or challenges facing the city. We publish a draft annual plan and listen to your feedback before publishing an annual plan (this document).

Every year, we also publish an annual report. This sets out how we performed against the long-term plan or annual plan for the year. Did we do all we said we'd do? Did we meet our budgets? Did we do as good a job as we should have? Did we contribute to improvements in the overall well-being of Wellington and its residents?

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We aim to manage the city in line with community aspirations.

After public consultation during 2005 and 2006, we set 13 long-term goals (or “outcomes”) for Wellington.

They are:

- Wellington will become more **liveable**
- Wellington will develop a stronger **sense of place**
- Wellington will become more **compact**
- Wellington will become more **eventful**
- Wellington will become more **inclusive**
- Wellington will become more **actively engaged**
- Wellington will become more **sustainable**
- Wellington will become **safer**
- Wellington will become **healthier**
- Wellington will become **better connected**
- Wellington will become more **prosperous**
- Wellington will become more **competitive**
- Wellington will become more **entrepreneurial and innovative**.

The indicators that we use to measure our progress towards these are contained in the appendix. More details on the outcomes can be found in the long term plan.

WHAT'S DIFFERENT ABOUT THIS PLAN?

We've always worked hard to make our plans as clear and easy to understand as possible. That's part of being accountable and consulting effectively.

This year, we've made some improvements to the 'Our Activities in Detail' section of our plan by grouping some activities together that we'd separated in the past. This change means you can more clearly see our plans in their full context – for example, we're describing all of our work relating to the transport network in one place, instead of considering separate parts of the network (roads, cycle ways etc) over several pages. There's no change to the level of formal detail that's available about our finances and expected service performance – it's just presented in a simpler, clearer way here. You'll also see that activity numbers are provided in the 'what it will cost' tables for easy references back to the long term plan.

Copies of the long term plan are available on our website www.Wellington.govt.nz, from your local library or by calling 499 4444.

SNAPSHOT OF THE CITY

	Wellington City Now	Wellington City Then	Did you know?
Population	Wellington city has a population of 179,466. Wellington city makes up 40.0% of the region's total population.	In 2001, our city had a population of 167,187. Wellington city made up 39.1% of the region's total population.	Our population is expected to increase to 201,100 people by 2021.
Population density	Wellington city has an estimated 620.9 people per square kilometre.	In 2001, our city had an estimated 576.5 people per square kilometre.	Wellington city residents have access to 34.7 square kilometres of Town Belt, park and reserve land.
Employment	Employment continues to grow, with 132,720 people being employed in Wellington city in 2006.	In 2001, 108,910 people were employed in Wellington city.	The property and business services industry employees more Wellingtonians than any other industry (approximately 20%).
Average earnings	Wellington city employees earn an average of \$28.33 per hour (March quarter 2007)	In 2004, the average employee earned \$25.93 per hour (March quarter 2005).	Wellington city employees have the highest average hourly earnings of all major cities in New Zealand.
Travel to central Wellington	34% of Wellingtonians who travel into central Wellington on a weekday use public transport, 45% use a car and 10% walk.	In 2001, 30% of people used public transport, 52% drove and 14% walked.	Wellington city has the largest proportion of residents who use public transport of all major cities in New Zealand.
Average sale price for dwellings	In Wellington, the average home now costs \$411,000 (March quarter 2007).	In 2004, the average home cost \$315,800 (March quarter 2005).	Wellington city average home prices are the second most expensive in New Zealand, behind Auckland.

OUR WORK

We focus our work on seven strategic areas.

URBAN DEVELOPMENT – Our built environment work includes enhancing the **waterfront** and city and suburban centres, developing public spaces such as **urban parks and squares**, looking after **heritage** sites, assessing and issuing **building and resource consents**, ensuring earthquake-prone buildings are strengthened, and planning for the city's **future growth** and development.

The significant growth and development expected in Wellington over the next 20 years creates some challenges for us. We're aiming to respond to those challenges in ways that are sustainable and preserve the city's special character.

A key priority through to 2009 is to improve land use and transport by focusing development along a 'growth spine' stretching from Johnsonville in the north, to the central city, and Newtown and Kilbirnie in the south. Other priorities include improving the way we manage infill development in residential areas, and improving the quality of the city's urban design.

TRANSPORT – We look after 670km of **streets and roads**, as well as footpaths, **cycle lanes**, traffic signals, **car parks** and so on. We also: support public transport through **bus priority measures** such as bus lanes, letting buses go first at traffic lights, and providing bus shelters; work suburb by suburb to improve **road safety**; and plan to ensure the city's transport network meets **future needs**.

Our transport system is generally performing well – Wellington's streets are safe by national standards, we're high users of public transport, and most residents believe the city is easy to get around. However, we do face challenges such as ensuring the transport network can keep up with growing demand, and reducing harmful environmental effects such as noise, water and air pollution.

For the period to 2009, key priorities include managing demand on the transport network, advocating for investment in the city's state highway network, further developing our bus priority measures, and improving access to the port and ferry terminals.

ECONOMIC DEVELOPMENT – We work to attract major **events** such as the World of WearableArt Awards and the International Sevens. We also fund **tourism** promotions, and support **attractions** such as Te Papa and conference venues such as the Wellington Convention Centre. To support businesses, we: provide free weekend parking in the city; fund **business development** and incubator programmes, and programmes to attract businesses, investment and skilled people to the region; provide grants to help community projects with economic benefits for the city; and **market the city** as a destination of choice.

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Key challenges are to make the city more internationally competitive, foster innovation and entrepreneurship, and lift Wellington's sustainable economic growth.

Priorities for the period to 2009 include: implementing the Wellington Regional Strategy to guide economic development; strengthening the city's status as a centre of creativity and innovation; and attracting at least one regular long-haul air service to Wellington from a south-east Asian market.

ENVIRONMENT – We look after the city's 34+ square kilometres of **reserve land**, as well as **beaches**, coastline, and **botanical gardens**. We fund the **Zoo** and the **Karori Sanctuary**, and work to develop other world-class nature-based visitor attractions such as the **Marine Education Centre**. We also: provide **water supply**, stormwater and sewage disposal; provide **recycling** and **waste disposal** services; offer grants for environmental initiatives; run the Kiwi Point Quarry; and promote **energy efficiency** and sustainability.

Though Wellington enjoys a stunning natural environment, we also face some significant challenges. Like other cities, we need to find ways of becoming more sustainable – to address broad issues such as climate change – by producing fewer greenhouse gas emissions, dumping less waste, using resources such as water and energy more efficiently, and protecting biodiversity and ecosystems.

Over the period to 2009, key priorities include promoting water and energy efficiency, improving protection of streams, developing a coherent plan to address biodiversity issues, and strengthening our partnerships with stakeholders to increase environmental awareness, community participation, and the achievement of environmental goals.

CULTURAL WELL-BEING – We fund the city's popular **art galleries and museums**, operate Toi Poneke – the Wellington Arts Centre, and support the **NZ International Arts Festival**, the St James Theatre and the NZ Symphony Orchestra. We also provide **cultural grants**, support community **events and festivals**, and run the **City Archives**.

Wellington's arts and culture scene is thriving. Our key goal is to maintain this strength, and to ensure that all Wellingtonians can participate in the city's cultural life.

Over the period to 2009, our key priorities include: protecting and enhancing local 'sense of place'; enhancing the area at the top of the Cable Car; strengthening our partnerships with arts organisations; and engaging more effectively with grass-roots arts and culture communities.

SOCIAL AND RECREATION – We provide **homes** for people whose needs are not met by state housing or the private housing market, fund projects to help **homeless people**, support **community organisations**, and provide **community centres and halls**. We also work to protect **public health and safety** through projects such as monitoring the city centre, banning liquor consumption in public in parts of the city, licensing food and liquor outlets, animal control, regulating other public health risks, providing toilets and cemeteries, and preparing the city to deal with emergencies such as earthquakes.

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Our recreation work includes: providing **libraries, playgrounds, swimming pools, recreation centres, sports fields** and **marinas**; running recreation programmes; and reducing the costs of using sport and recreation facilities for people who have community services cards.

Key challenges include providing for a population that is growing in size and diversity, and catering for a wider range of recreation activities.

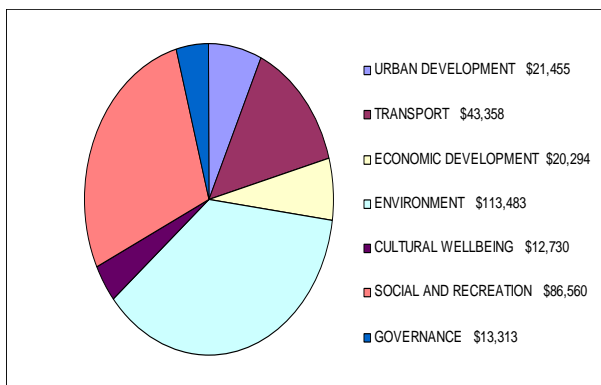
Over the period to 2009, priorities include increasing the value of community facilities to their communities, promoting social cohesion and sound social infrastructure, and promoting participation in sport and recreation, particularly for youth.

GOVERNANCE – Our governance work includes running **local elections**, holding meetings of the **Council** and its committees, producing policies and strategies to guide our work, producing annual plans and annual reports to make ourselves **accountable to residents**, seeking feedback on our proposals from members of the public, engaging with Maori and stakeholder groups, and **providing information** about our services and activities.

The key challenge we face is to increase participation levels and build trust and confidence in civic decision-making. Our priorities for the period to 2009 include improving the transparency and quality of processes for public involvement in civic decision-making, and increasing participation rates in democratic processes.

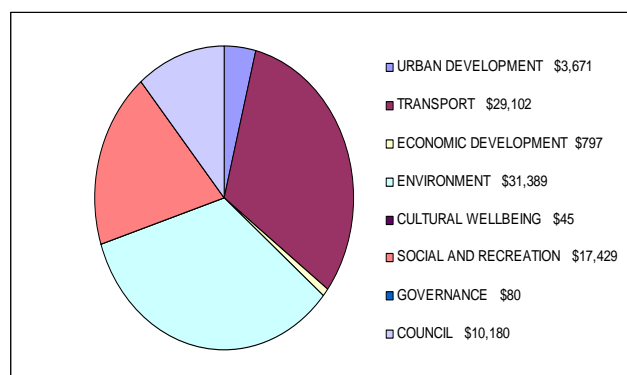
OPERATIONAL SPENDING (\$000)

Our main areas of operational spending are environment, transport, and social & recreation.



CAPITAL SPENDING (\$000)

Our main areas of capital spending are environment and transport.



WHAT'S NEW FOR THIS YEAR

In developing this annual plan, we took into account the **views of Wellington's residents.**

CONSULTATION ON THE DRAFT ANNUAL PLAN

In April 2007, we published a draft version of this annual plan and asked for feedback. The draft outlined:

- service levels, funding levels and performance targets for 2007/08, as agreed through the long term plan
- proposed new initiatives and variances from the long term plan for 2007/08
- how the community could provide feedback on any of our proposals.

The draft was sent to community groups and businesses and was made available through the Council's libraries, swimming pools, service centres, website, and upon request. A summary of the draft plan document was widely distributed and key elements were also highlighted in our *Absolutely Positively Wellington* newspaper, which is sent to all households.

We encouraged awareness of the draft plan through media releases, advertisements and a public notice. Information on the draft plan and how to provide feedback was also highlighted on various radio stations and in 'Our Wellington' page of the *Dominion Post*. A video of the draft plan and where to go for more information was shown continuously during the consultation period in the service centre and some libraries.

We held 16 public meetings at which the draft plan was presented and residents were able to ask questions.

YOUR FEEDBACK

We consulted on the draft plan for five weeks from 16 April to 18 May. We received feedback in the following ways:

- 978 written submissions
- 75 oral submissions over a period of four days
- an independent residents satisfaction survey of a randomly selected cross section of Wellingtonians in May.

The number of submissions was one of the highest ever for our annual plans, showing the high level of public interest in our activities.

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Close to 70 percent of all submissions focused on the new initiatives proposed for this year, or were requests for funding support. The remaining submissions focused on fees and charges, existing projects and programmes, or dealt with operational matters. Councillors considered all feedback before making decisions.

Everyone who made a written submission receives a response from the Council regarding the main points raised in their submission.

CONSIDERING YOUR VIEWS

Our Strategy and Policy Committee, which is made up of elected Councillors and the Mayor, considered your feedback during June. It provided recommendations to Council, which made its final decisions in late June.

The feedback we received influenced Councillors' decisions. The programme outlined in this document is not the same as the one outlined in the draft plan. Key changes include: new funding for New Zealand Memorial Park, the New Zealand Film and Television School and the Basin Reserve; changes to a proposed national portrait and photography gallery; a grant to St Andrews on the Terrace to delay the sale of Crossways community house, and a lower-than-proposed increase in marina fees.

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NEW PROJECTS FOR 2007/08

We have agreed to the following initiatives suggested in the draft plan and raised during the consultation period. These projects deal with challenges facing the city. We believe they will contribute to a **higher quality of life** for Wellingtonians.

1. We're increasing the size of our Events Development Fund by \$500,000. The fund has helped to **bring major events** such as the World of WearableArt Awards and the International Rugby Sevens to the city. Increasing the size of the fund will help us to contribute to the city's buzz by attracting more major events.
2. We're entering a partnership with the Government for a **\$220 million upgrade of our social housing** over the next 10-15 years. This will allow us to improve insulation and ventilation, carry out earthquake-strengthening, upgrade kitchens and bathrooms, reconfigure some bedsits to larger accommodation, and enhance safety and security.
3. We're setting up a 'flying squad' to **protect the city's streetscapes from graffiti**. This will be a trial for one year. The service will provide a rapid graffiti removal service for eligible small businesses, utilities, sports clubs, community organisations, and private homes. The flying squad will also provide education on how to remove, discourage and report graffiti; and engage with local artists and community groups to develop murals. The cost for 2007/08 is \$225,000.
4. We're planning to make Wellington safer by installing a **tsunami warning system**, consisting of sirens at fixed positions around the coast, as well as two mobile sirens which can be fixed to helicopters and heard almost 2km away. The cost for this work is \$100,000.
5. We're partnering with the Ministry for Culture and Heritage to construct the **New Zealand Memorial Park**. We're contributing \$2 million towards the \$12.9 million project, with the remaining funding provided by the Ministry for Culture and Heritage. Construction of the park will vastly improve the surroundings of the National War Memorial – which is an area of deep significance for many New Zealanders – and provide a place for public gatherings on important commemorative occasions such as Anzac Day. Construction will start in October 2007 and is due for completion in 2008.

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6. We'll provide \$40,000 a year over the next three years to support the **New Zealand Film and Television School**, which is the only training provider of its type in Wellington. Its graduates provide the film industry with skilled staff who support the growing film sector in Wellington to attract and retain film businesses.
7. We are supporting Shed 11 Ltd, a joint initiative of the New Zealand Centre for Photography and the New Zealand Portrait Gallery, which will provide Wellington with a high quality **fine arts gallery** that will give greater exposure to portrait and photography work from across New Zealand. Shed 11 Ltd will provide exhibits for six months of the year over the next two years (in our draft annual plan, it had proposed to provide year-round exhibits). We are providing funding of \$75,000 per year over the next two years.
8. We're upgrading facilities at the **Basin Reserve**. In the near future, the Basin Reserve will host the Bangladesh and the England cricket teams, Wellington Phoenix Football, FIFA under 17 Women's World Cup soccer, as well as club cricket, rugby league, and rugby union. In 2007/08, we're providing \$370,000 to the Basin Reserve Trust to replace the current irrigation system and upgrade media facilities.
9. We're providing a \$70,000 grant to St Andrews on The Terrace so the church can get on with essential work on the historic Terrace property. The church is planning to sell **Crossways Community House** in Mt Victoria to fund the work and the grant, which is subject to a number of conditions, will allow it to delay the sale by a year. This will give the Save Crossways Group and Mt Victoria community the opportunity to see if they can raise the money necessary to buy the building.
10. We will provide \$190,000 of funding in the 2008/09 year for the Boys and Girls Institute to establish a youth café in Wellington.
11. We are providing an additional \$200,000 per year to enhance and extend our network of **Town Belt and Outer Green Belt tracks**. The tracks make these areas accessible for walkers, mountain bikers, 4WD enthusiasts and others. The plan is to upgrade existing tracks and build a network of new tracks over the next decade. This will ensure that tracks provide for a wide range of user interests and levels of fitness and ability.
12. We're increasing **Wellington Museums Trust** funding by \$480,000 to allow it to maintain current levels of service. In 2006/07, it budgeted for a deficit and also had to make cuts for budget reasons.
13. A new fund of \$100,000 per year has been established to **support sports clubs** and active recreational groups seeking professional advice and support for programme development, club growth and expansion, asset management (but not maintenance), club diversification, and feasibility studies. Priority will be given to programmes that will increase youth participation in sport and recreation. Clubs will be able to apply for grants from the fund.
14. We're planning in 2007/08 to begin to redevelop the 'city gateway' area from Waterloo Quay to the inter-island ferry terminal, to cater for potential growth in traffic flow, freight movements and foot traffic in the area. The first steps will be to complete detailed plans for the area between the Hutt Road and Bunny Street, and start **street improvements along Waterloo Quay** between Bunny and Hinemoa Streets.

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15. We're providing \$250,000 for each of the next two years to support the **establishment of a wet hostel** in the city, to provide accommodation and professional support for homeless people with a history of alcoholism. A wet hostel is distinct from other accommodation for homeless people in that residents can drink on the premises. The proposal is a partnership between the Council and the Capital and Coast District Health Board. It is an opportunity to house and help some of the city's most visible and vulnerable homeless people – those who, through their alcohol dependence, are unable to meet their own basic needs of food, clothing and shelter.
16. We're providing funding to employ a co-ordinator and advisory group to run the new **Newlands Community Centre**, establish a database of our community facilities, and develop a partnership framework to allow non-Council facilities to be accessed more widely. The budget for this is \$206,000 in 2007/08, rising to \$296,000 in future years. We will also develop options for the refurbishment of the **Khandallah Hall**. The budget for this work is \$60,000.
17. We're increasing our **grants** pool by \$117,000 per year to assist with increasing day-to-day costs, for groups and initiatives with social, cultural, economic or environmental benefits.
18. We're increasing our budget to deal with legal costs from **leaky homes** claims by \$500,000 per year. We have obligations to defend those claims when we think we have acted correctly, which means we have no choice but to incur legal costs.
19. We want everyone in Wellington to have affordable access to **broadband networks** capable of meeting their needs, and in the coming year we'll be considering ways we can help make that happen.
20. The Greater Wellington Regional Council has established a new **regional economic development agency**, which will be funded from a Greater Wellington targeted rate. As a consequence, we are no longer funding Positively Wellington Business.
21. We've made changes to our development contributions and revenue and financing policies.

RATES, CHARGES AND OPERATIONAL SPENDING

To fund our work programme, we're **increasing rates** by an average of **4.37%**. We're also increasing some user charges.

We're forecasting total operational spending of \$311 million during 2007/08. This provides for all of our day-to-day operations and services – things like waste disposal, water supply, operating the transport network, issuing building and resource consents, maintaining parks and gardens and so on.

We fund this spending from a combination of general rates (which are paid on all properties), targeted rates, user charges, grants/subsidies, and other income (such as interest).

Targeted rates include water rates, sewerage rates, stormwater rates, and Marsden Village, downtown, and Tawa driveways rates.

There are two categories of general rates: the base general rate, and the commercial sector general rate. In 2006/07, the commercial sector general rate was 4.4 times higher than the base rate for a property of the same value. We propose to reduce this to 4.2 in 2007/08 and, and extend the period of the transition by two years to 2011/12, we aim to reduce this differential to 2.8.

When we decide how to fund a service, we consider a wide range of factors including who benefits.

Decisions about how to fund a service are guided by our Revenue and Financing Policy. Under the policy, for each activity we consider the following criteria:

- who benefits – individuals, an identifiable part of the community, or the whole community
- whether the people or groups who benefit could be excluded from the service if they don't pay, and whether excluding them would be fair and equitable
- whether the benefits will extend to future generations as well as current ones
- the 'polluter pays' principle – that people and groups should pay for harm they directly cause
- overall impact on social, economic, cultural and environmental well-being.

We then agree the proportion of funding that each sector will contribute to pay for each activity. For instance *tourism* promotion is funded through the downtown levy (the retailers, restaurants, bars, hotels and other businesses located in the downtown area who benefit from visitors spending), while our city safety programme that is beneficial to everyone is funded by the general rate.

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The increase in overall rates take is significantly less than we proposed in our 2006-16 long-term plan.

In our 2006-16 long-term plan we had forecast a 5.45% increase (including inflation) in average rates for 2007/08. We're now forecasting a 4.37% average increase.

The lower figure reflects our efforts to manage the city's finances as efficiently and prudently as possible. While we're implementing some new projects which we think will benefit the city, we've also sought operational efficiencies and rescheduled some of our work programme to keep the rates increase below previously forecast levels. For example, we're reducing our grant to Wellington Waterfront Limited (see page XXX), and funding for upgrades of privately owned heritage buildings (see page XXX).

The actual rates changes affect each household or property differently, depending on changes in capital value. The table below shows indicative total rates for a residential property for a range of capital values.

Indicative residential property rates (without a water meter)	
Capital value	Total rates
\$200,000	\$858
\$300,000	\$1,175
\$400,000	\$1,491
\$500,000	\$1,808
\$600,000	\$2,125
\$700,000	\$2,441
\$800,000	\$2,758
\$900,000	\$3,074

We're also changing fees and charges for some of our services.

We're raising fees for marinas, swimming pools, libraries, building consents/controls, trade waste, fire permits, burials and creations, and recreation centre facility hire.

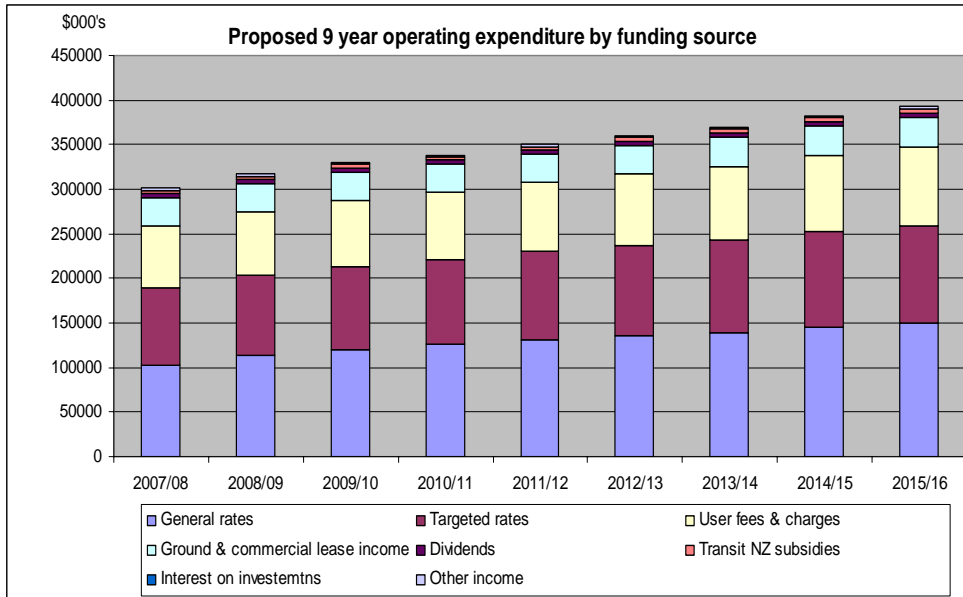
Decisions about user charges and ratepayer funding of each service are made in accordance with our Revenue and Financing Policy, and reflect the criteria explained above. The increase in swimming pool charges, for example, aims to balance the increased costs of running the pools between those who benefit directly from it (the users) and the general public who have the opportunity to use the pools. The pool charges are offset by an increase in the ratepayer subsidy to the pools – without this charges would be significantly higher.

The increase in marina fees is lower than we proposed in the draft plan.

The increase in marina fees is lower than we had proposed in our draft annual plan.

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You can find more detail on all of the changes to user fees and charges in the appendices to this plan.



CAPITAL SPENDING

We're managing our capital spending and borrowing programme with a **long-term view**, to ensure current spending doesn't reduce the **options** available to **future councils**.

Capital expenditure pays for property, plant and equipment. This includes buying, building, developing and upgrading assets such as buildings, roads, bridges, water and stormwater pipes, and so on.

We fund capital expenditure from depreciation, borrowings, sales, reserves and bequests, Land Transport NZ and other subsidies, and development contributions. For asset renewals, the main funding source is depreciation. For new assets, the main funding source is borrowings.

We aim to manage our borrowing within the following targets:

- total Council borrowing is less than 10% of equity and less than 150% of income
- net interest is less than 15% of income and less than 20% of rates income
- liquidity is greater than 110%.

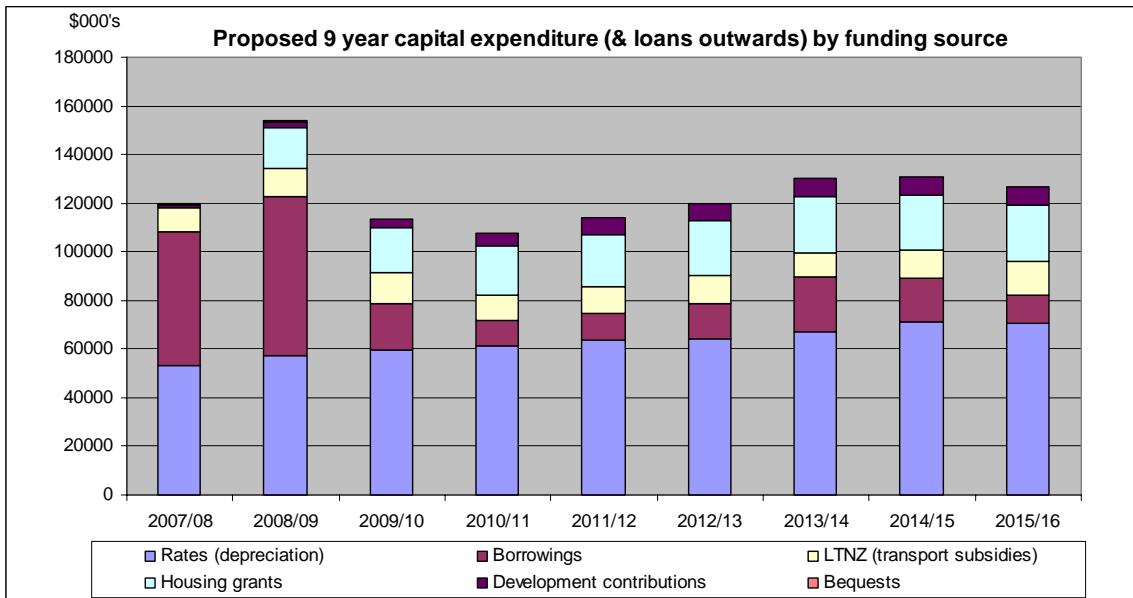
Effective management of our capital spending programme has allowed us to borrow less than we'd planned.

We're forecasting total capital spending of \$92.7million for 2007/08 (excluding carried forward capital expenditure. That compares with \$106 million we'd forecast for the year in our 2006-16 long-term plan.

These savings reflect our rescheduling of some capital works we'd budgeted for in our long-term plan. For example, we're deferring: construction of the Messines Road water reservoir ; some wastewater renewal projects; some roading projects; some urban park upgrades including Hannah's Courtyard and Cobblestone Park; replacement of nursery buildings at the Wellington Botanic Garden; extension of Te Ara o Nga Tupuna – Maori heritage trails; hydroslide construction at Karori Pool; and upgrade the road at Makara Cemetery. (An explanation of each change can be found in the *variances* sections in the next part of this plan.)

Our total capital spending programme for 2007/08 including carried forward capital expenditure is \$120.9m. To fund this we're borrowing \$57 million in 2007/08. This compares with the \$66 million we'd forecast in our 2006-16 long-term plan. This ensures that we can meet current needs without compromising the ability of future councils to meet the city's future needs.

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We take great care to ensure that our budgets are robust. Each year we review the underlying assumptions and costs that make up each activity. For each activity we consider the impact of the:

- allocation of organisational costs/efficiencies
- appropriateness of inflation and CPI adjustments
- direct costs associated with staff and recruitment
- changes affecting our opening balance sheet (for example the Wellington International Airport Limited early repayment of subordinated debt in 2006/07).

This means that the forecast costs for each activity may differ from those we had originally forecast for 2007/08 in the long term plan. It is important to note that these allocations do not affect the intended level of service. Any changes from current levels are explained in the Our Activities in Detail section of this document (see the sections on our new initiatives and variances).