

The current environment

The past decade has seen significant investment in Wellington.

Based on strong economic performance, the Council has sought to strengthen infrastructure and basic services – road, water, waste – while also supporting the city's transformation as a place to live, visit, and do business.

In the last decade or so, Westpac Stadium has opened, the waterfront progressively transformed, Waitangi Park completed, the St James and Embassy Theatres redeveloped, the Karori Sanctuary conserved, and the city's entertainment calendar ignited with events such as Cuba Carnival, the Sevens, WOW, Homegrown, and Diwali.

There has also been significant investment in core services – for example in new water reservoirs, upgrades of the stormwater network, and development of the transport network.

Wellington now is a more vibrant city, with more to see and do, more entertainment on offer, and an economy that is based on knowledge, culture, creativity and innovation, and tourism, as well as on finance and government.

In the next few years, the city will face some challenges.

Along with other cities, we will be called on to respond to:

- the global economic slowdown
- pressure on household budgets

- a changing climate and the first real steps towards lower carbon lifestyles
- the need to engage with citizens about decisions that affect their lives
- competition from other cities
- a population that is growing, and ageing, and has more diverse wants and needs, and
- changing technology, which is influencing lifestyles and public expectations.

We are proposing a balanced approach.

In setting a direction for the next three years, the Council has three options:

- continue to invest in the city even if that means rates increase faster than inflation
- reduce services to keep rates increases well within the rate of inflation
- take a balanced approach, maintaining most services at current levels, while focusing resources into areas that maintain what makes Wellington special and contributes to our competitive edge.

This is a consultation document your views will influence which of these three approaches we adopt. In this document, we are proposing a balanced approach.

With this in mind, we have developed priorities that are based on the following key considerations:

Affordability – We aim to keep the rates increase within an acceptable level, one that residents will find affordable. But we are conscious that a balance is required. It would not improve affordability to reduce rates funding and introduce substantial increases to user charges for services such as libraries or playgrounds; indeed, in more challenging economic times, when other leisure opportunities may be harder to afford, it is especially important that any charges for Council services remain within reach.

It would also be unwise to make deep cuts to Council spending. That approach would cost jobs, remove important services, and in the long-term make Wellington less competitive – meaning fewer businesses would locate here, and it would become a less appealing place to live.

The Council provides many services at no and low cost to the end user, with the aim of ensuring that residents can make affordable and sustainable choices. For example, our parks and reserves provide opportunities for recreation. Our tracks alone provide over 300km of adventure. In transport, residents have choices other than private cars: including walking, and using buses or trains. Most library services have no direct cost; nor does the waterfront, nor the galleries and museums.

Even for the services that we do charge user fees it is important to remember that the users are in effect subsidised by ratepayers. The fees we charge for swimming pools, for instance, only cover 40 percent of the cost of running pools. The rest comes from rates.

We recognise that our regulatory processes – such as building and resource consents – also influence affordability. The Council regulates food safety, building, and use of land and other resources, according to laws which balance rights and responsibilities, and present and future needs. These laws protect consumers and future residents, and in doing so are in the long term interests of commerce. But it is important that, in protecting the environment and safety, we do not impose costs that are not necessary to achieve those ends. In this respect, we are already preparing for the implications of announced changes to the Resource Management Act.

We seek to maintain borrowings within affordable limits by prioritising our annual capital expenditure programme. By taking this approach we are working to ensure a sustainable level of borrowings for ratepayers today and in the future.

Agility – Since local authorities were made responsible for ‘well-being’, their role has changed from being a provider of core services to a broader role of helping residents achieve their aspirations for the city.

A good example of this change is the Council's role in supporting and promoting events; our investment in this area has increased markedly in the past five years, and that investment has brought very significant economic, social and cultural benefits. But a broader role requires an ability to adapt as community expectations and needs change.

This means responding to a wider range of demands for things like sportsfields. Where traditional sports are growing and having to compete with emerging sports such as Ultimate Frisbee for

limited spaces. It means providing library services that include people whose first language is not English. It means being able to adapt to an unpredictable economy, and being prepared for the implications of changing weather patterns and rising sea levels.

Being ‘agile’ means being clear about when our role is to fund or provide a service, and when it is more appropriate to play advocacy or support roles. It means seeking opportunities to deliver services without having to build and maintain costly assets.

It also means making choices, just as households have to. Sometimes, a service that has traditionally been provided no longer cost-effectively meets the community's needs, and alternative approaches might contribute more to well being at the same or lower cost.

As one example, the Council's community centres and halls are used by fewer than one in five residents, and use has been declining. Yet these facilities involve a significant investment, and meet an important need for those who do use them. One of the questions the Council will need to understand and faces in the coming years is whether these facilities and services can be provided in alternative ways to meet changing and diverse needs in affordable ways.

Competitiveness – We focus resources on areas that make the most difference – this means sustaining our investment in projects that make a real difference to residents' well-being and in which Wellington has a competitive advantage.

As an example, even in a more challenging economy we are maintaining our investment in events. Reducing this investment would compromise Wellington's reputation as a vibrant city and as New Zealand's arts and culture capital – with long term implications for tourism, jobs, and the attractiveness of the city as a place to live.

On the other hand, we do not invest in services that are already provided by the private sector (such as cafes) or the government (such as income assistance or primary health care). Where possible, in preference to providing a service ourselves at a cost to ratepayers, we seek partnerships in which costs can be shared and mutual benefits gained.

Demand management – For many Council services, it is not cost or resource efficient to keep meeting ever-increasing demands. As demand for water rises, new reservoirs and pipes have to be constructed; this involves significant long term cost, and significant carbon emissions. Likewise, the transport system cannot expand indefinitely to meet demand for private cars; alternatives such as public transport or walking produce fewer carbon emissions and are much kinder to household budgets. And, although Wellingtonians are doing a great job at recycling and reducing household waste, there is still some way to go to achieve a zero waste economy, which is the most efficient and sustainable option. For these reasons, we seek to reduce or manage resource use and demand where possible.

We can do this in different ways through:

- the development of multi use assets such as synthetic sportsfields. These are more durable than grass meaning they can be used for longer periods by more people. This reduces the demand to purchase and develop additional sportsfields to meet growth.
- education and promotion that provides people with choices.
- improved programming that encourages people to make use of facilities and services at different times.

Based on this strategic approach, the Council has set a number of three-year priorities for the period covering 2009–12 (see next page).

