

Wellington Regional council pre election report 2022, Chief Executive, Nigel Corry

Summarised from 64 pages

The Wellington Region is home to approximately 547,000 people living within the Region's 8,111km² boundary.

Wellington is our most populated city, however over 50 percent of the population lives outside of the capital in cities and smaller towns. Most of our Region (approximately 80 percent) is non-urban environment, consisting of 320km of river and waterways and a coastal marine area of 7,867km² with almost 500km of coastline.

Kāpiti Coast: 58,000	58,000
Porirua: 61,900	61,900
Wellington: 217,000	217,000
Lower Hutt: 112,800	112,800
Upper Hutt: 47,500	47,500
South Wairarapa: 11,650	11,650
Carterton: 10,050	10,050
Masterton: 28,000	28,000

- We protect 43,000 ha of Key Native Ecosystems, so our native plants and animals can thrive.
- We process and monitor resource consents to ensure the safety of our community and environment.
- We continually remove dangerous pest plants and animals
- We've invested millions of dollars into protecting flood-prone areas like Wairarapa and Lower Hutt
- We test the water quality in your area, so you know where it's safe to swim
- We manage and maintain over 33,00 hectares of Regional Parks and a further 16,000 hectares of Water Collection Area We partner with Waka Kotahi, KiwiRail and territorial authorities to deliver public transport services across the region – planning and funding over 250 public and school routes, five train lines, four harbour ferry stops and a total mobility service.

We are responsible for designing public transport network routes and managing the delivery of services with our bus, rail, and ferry operators. We also manage and maintain the railway stations, bus stop signage and Park & Ride facilities.

We have a strong focus on decarbonisation with 98 electric buses added to our public transport fleet in August 2021, and the target decarbonising our core bus routes by 2030. We partner across the Region

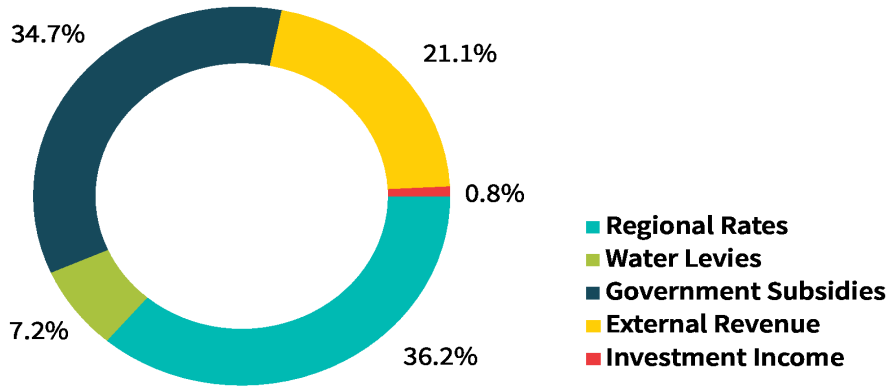
Our Mana Whenua entity partners are:

Ātiawa ki Whakarongotai Charitable Trust, Ngā Hapū o Ōtāki, Ngāti Kahungunu ki Wairarapa Charitable Trust, Port Nicholson Block Settlement Trust, Rangitāne o Wairarapa Inc, Te Rūnanga o Toa Rangatira Inc

Revenue

We fund our activities through a range of sources. The way in which activities are funded is set out in our Revenue and Financing Policy.

Funding Sources

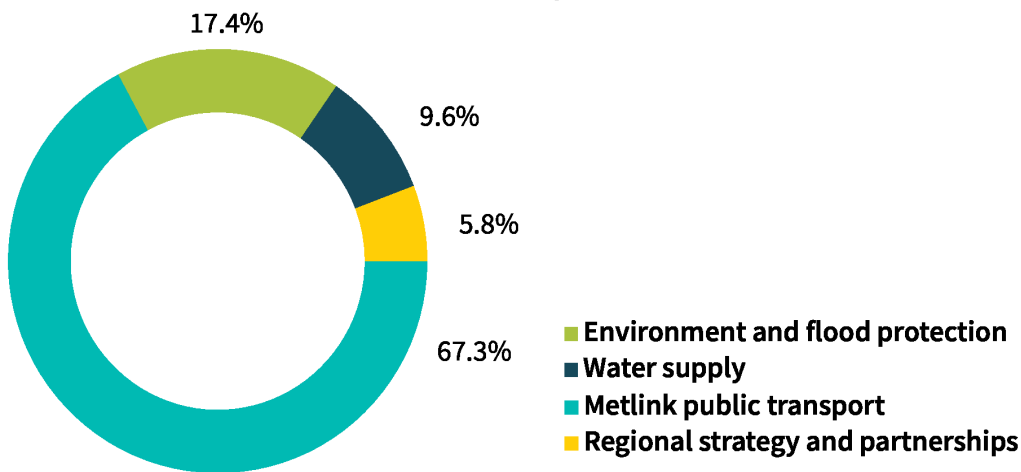


10-year average from 2021-31 LTP

Operating Expenditure

The total operating expenditure over the 2021-31 LTP period is forecast to be \$5.8 billion.

Where the Money Goes

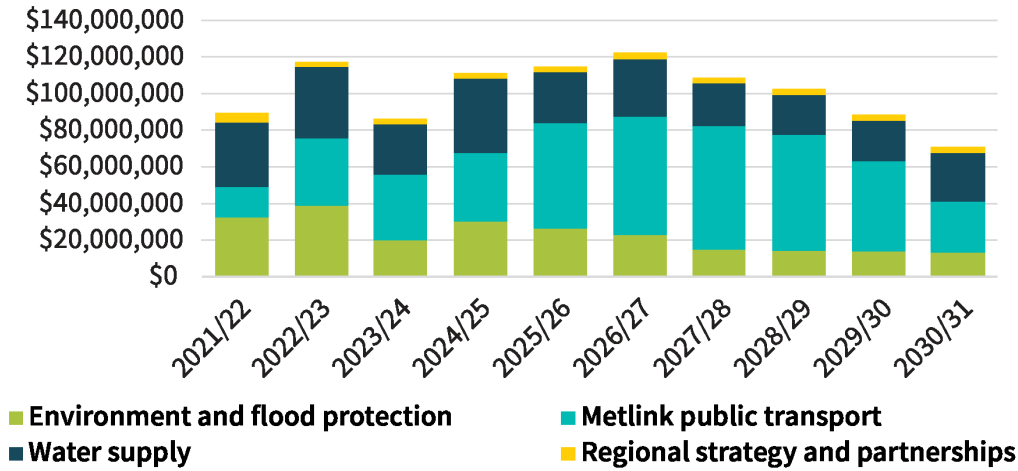


10-year average from 2021-31 LTP

Capital Expenditure

A capital expenditure programme of \$1 billion has been developed for the 10 years of the 2021-31 LTP.

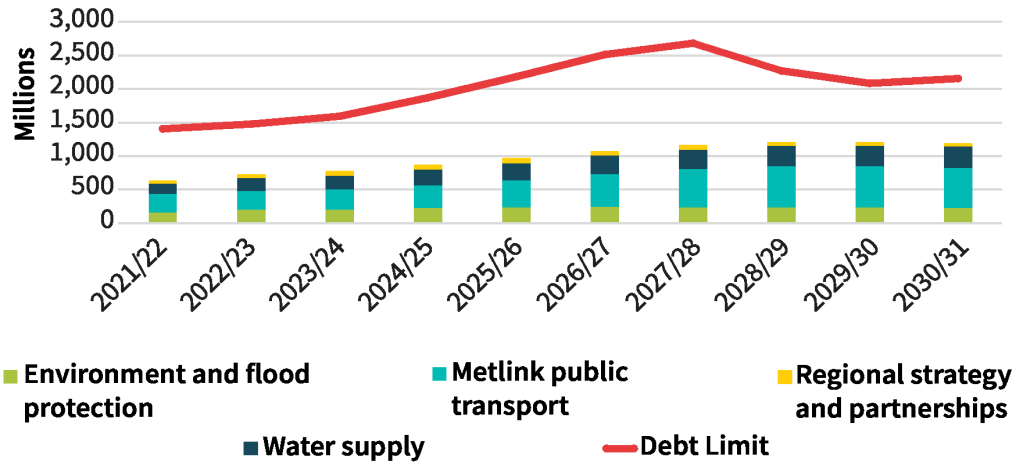
2021-31 Long Term Plan Capital Expenditure by Activity Group



Debt

Debt is projected to grow by \$497 million over 2021-31 LTP period but stays well below debt limits

Borrowings profile by activity group



Credit Rating/Green Loans



Greater Wellington was granted the \$227 million in green loans for RiverLink, allowing for reduced interest rates on borrowings for this project.

Review of the Public Transport Operating Model (PTOM)

The Ministry of Transport is leading a cross-industry initiative to replace the existing Public Transport Operating Model (PTOM). This has potential to make a huge shift in how Greater Wellington designs, operates and owns assets associated with the running of our public transport network in the future. The existing PTOM is predominantly commercially focused, whereas key principles of the proposed new replacement framework aim to define a successful public transport network with a broader range of quality measures, such as labour conditions, sustainability, quality of service, procurement flexibility, and effective use of central government subsidies.

The proposed new framework is going to Cabinet in June/July 2022. If it passes, Greater Wellington will be heavily involved in providing input to the new framework over the coming year and will begin forming a long-term view as to what it could mean for our bus services going forward.

Three Waters Reform

The Three Waters Reform Programme aims to ensure New Zealand's three waters (drinking water, wastewater, and stormwater) infrastructure and services are fit for purpose and more affordable.

The Future for Local Government Review

In 2021 a Panel was established to determine how local government should change over the next 30 years to better support community wellbeing .. The final report and recommendations will be delivered in April 2023.

Electrification of the bus fleet

This project directly contributes to our target of being carbon neutral by 2030 and climate positive by 2035. It is also in line with central government policy of no new diesel buses purchased after 2025 and full electrification of public transport bus fleets by 2035.

Budget: Greater Wellington has allocated \$300 million over the ten years of the 2021-31 LTP.

Progress so far: As of 2022 our Regional bus fleet has approximately 450 vehicles, comprised of mainly diesel vehicles ... 72 EVs are in service with more on order for delivery. We expect 102 EV in operation by the end of the 2022/23 financial year and a further 14 EV in the 2023/24 financial year

Project overview: The current passenger rail service between Masterton and Wellington (operated by Metlink), and between Palmerston North and Wellington (operated by KiwiRail under the Tranz Scenic Capital Connection brand), are run using rolling stock that is approaching 50 years old, and is nearing end of life. The objective of this project is to replace the life expired assets and provide an improved service frequency and capacity to increase mode shift from private vehicles to public transport. The preferred solution includes the provision of 22 four car tri-mode units and supporting infrastructure. This will double the peak services per week on the Wairarapa Line and quadruple the peak services on the Manawatū Line.

Progress so far: The Detailed Business Case has been completed, and funding support obtained from Waka Kotahi. However, additional central government funding support has not been forthcoming.

Let's Get Wellington Moving

Project overview: Let's Get Wellington Moving (LGWM) is working with the people of Wellington to develop a transport system in the city that supports the city's growth while making it safer and easier to get around.

Budget: Greater Wellington has allocated \$295 million for years 2023-31 of the 2021-31 LTP.

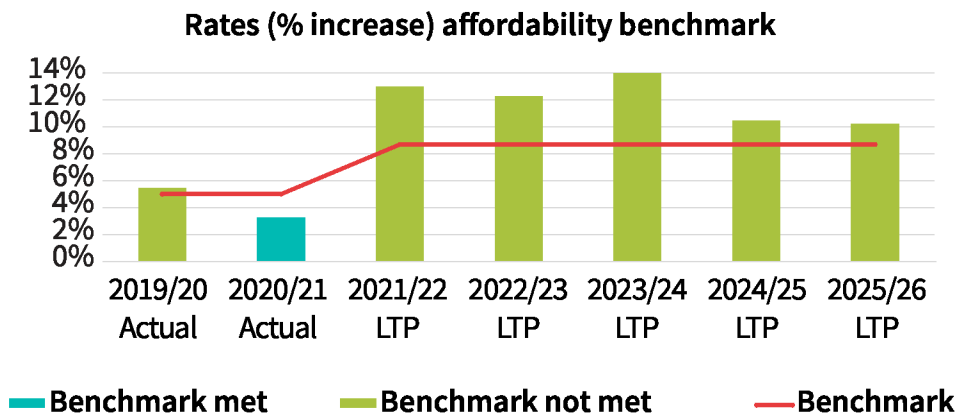
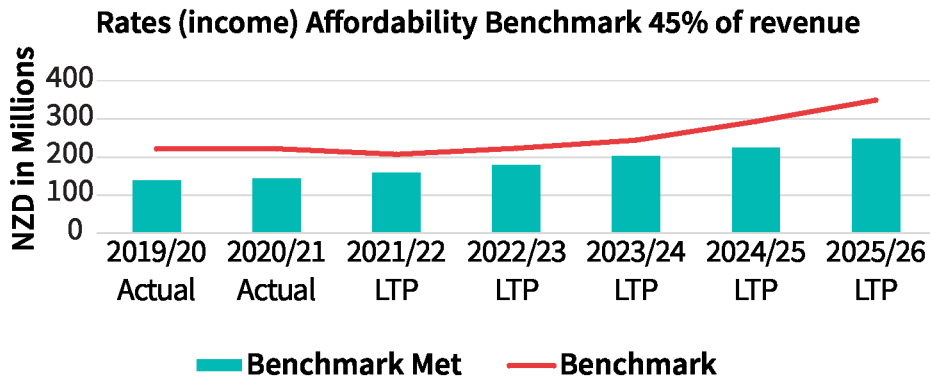
Funding benchmarks:

- Total rates revenue will comprise up to 45 percent of Greater Wellington's annual revenue requirements.
- The average annual Regional Rates increase per average ratepayer affordability benchmark is \$100 per annum.

We are planning to stay below 45 percent of revenue coming from rates for the 10 years of the 2021-31 LTP. The average annual Regional Rates increase per average ratepayer, over the ten years of the 2021-31 LTP, is

\$76.50. The planned Regional Rates increase for 2023/24, 2026/27 and 2027/28 exceeds the \$100 ratepayer affordability benchmark slightly.

As part of the 2021-31 LTP we set to have an average rate increase over the 10 years of 8.7 percent. This was the benchmark set for the below graph for each individual year. The benchmark has been breached in the LTP years as rates increases are expected to be higher in the early years due to large capital programs and new initiatives while later years fall under the benchmark achieving the 8.7 percent average increase over the 10 years.



Debt Limits

- Debt servicing benchmark is a measure to ensure borrowing cost are funded by a significant portion of revenue.
- Debt affordability benchmark is a measure to ensure that debt levels and repayment amounts stay affordable to Greater Wellington.

Total Council Financial Statements Prospective Funding Impact Statements For the year ending 30 June

	2019/20 Actual	2020/21 Actual	2021/22 Forecast	2022/23 Annual Plan	2023/24 LTP	2024/25 LTP	2025/26 LTP
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Sources of operating funding							
General rates	52,711	49,835	63,115	73,338	74,482	83,408	86,349
Targeted rates	86,140	93,521	98,541	106,837	131,833	144,761	164,935
Subsidies and grants for operating purposes	150,204	125,049	100,861	112,784	120,729	123,100	129,644
Interest and dividends from investments	7,202	17,140	6,523	5,950	5,218	5,484	5,748
Fees, charges, and targeted rates for water supply	75,023	82,134	66,235	109,431	111,056	117,288	123,935
Fines, infringement fees, and other receipts	59,865	64,801	62,754	63,926	65,314	67,037	69,521
Total operating funding	431,145	432,480	398,029	472,266	508,632	541,078	580,132
Applications of operating funding							
Payments to staff and suppliers	386,708	384,689	397,100	456,211	468,419	461,878	482,503
Finance costs	22,369	21,314	23,452	22,769	19,704	19,847	19,943
Total applications of operating funding	409,077	406,003	420,552	478,980	488,123	481,725	502,446
Operating surplus/(deficit)	22,068	26,477	(22,523)	(6,714)	20,509	59,353	77,686
Sources of Capital Funding							
Subsidies and grants for capital expenditure	8,586	-	9,739	29,347	35,252	110,765	195,021
Increase / (decrease) in debt	18,624	54,255	101,762	153,962	51,955	89,425	89,017
Gross proceeds from asset sales	1,944	315	434	374	7,768	328	379
Total Sources of Capital Funding	29,154	54,570	111,935	183,683	94,975	200,518	284,417

	2019/20 Actual	2020/21 Actual	2021/22 Forecast	2022/23 Annual Plan	2023/24 LTP	2024/25 LTP	2025/26 LTP
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Applications of Capital Funding							
Capital expenditure							
- to meet additional demand	4,136	1,345	-	-	222	24,720	41,284
- to improve the level of service	19,224	13,950	32,669	77,432	40,183	39,794	39,028
- to replace existing assets	15,393	23,375	32,550	81,365	47,640	47,717	36,107
Increase / (decrease) in investments	12,858	41,119	(12,481)	(7,091)	30,797	139,982	246,918
Increase / (decrease) in reserves	389	1,259	36,674	25,263	(3,359)	7,658	(1,234)
Total Applications of Capital Funding	51,222	81,048	89,412	176,969	115,483	259,871	362,103
Surplus/(Deficit) of Capital Funding	22,068	26,478	22,523	6,714	(20,508)	(59,353)	(77,686)
Funding Balance	-	(1)	-	-	-	-	-
Depreciation on council assets	28,431	29,196	28,390	30,109	36,969	38,963	42,704
Water Supply Levy	34,788	34,788	39,029	42,069	45,609	47,891	50,315

Total Council Financial Statements

Prospective Balance Sheet

For the year ending 30 June

	2019/20 Actual	2020/21 Actual	2021/22 Forecast	2022/23 Annual Plan	2023/24 LTP	2024/25 LTP	2025/26 LTP
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Assets							
Cash and other equivalents	9,338	4,675	19,971	20,370	36,518	28,378	30,447
Investments (current)	83,114	157,452	95,721	97,894	30,931	31,271	31,639
Other current assets	92,845	57,718	52,175	53,218	100,878	101,359	101,860
Current assets	185,297	219,845	167,867	171,483	168,328	161,008	163,947
Investments (non-current)	71,016	20,465	63,307	70,306	124,076	127,215	130,564
Investment in subsidiary	286,295	302,695	320,885	339,149	366,558	502,300	744,702
Property, plant and equipment	1,264,179	1,277,433	1,425,521	1,567,059	1,626,601	1,704,192	1,777,587
Non-current assets	1,621,490	1,600,593	1,809,713	1,976,514	2,117,235	2,333,707	2,652,853
Total assets	1,806,787	1,820,438	1,977,579	2,147,997	2,285,563	2,494,715	2,816,800
Ratepayer's Funds							
Retained earnings	283,071	326,996	330,073	342,908	450,653	584,788	824,010
Other Reserves	820,067	811,001	913,775	917,667	935,819	948,032	946,798
Total ratepayers' funds	1,103,138	1,137,997	1,243,848	1,260,575	1,386,472	1,532,820	1,770,808
Liabilities							
Debt (current)	119,655	151,850	115,126	138,850	131,775	131,866	106,962
Other current liabilities	71,453	72,828	79,533	81,123	84,089	75,670	77,440
Current liabilities	191,108	224,678	194,659	219,973	215,864	207,536	184,402
Debt (non-current)							
Debt (non-current)	484,496	431,312	514,346	644,585	652,874	734,550	849,705
Other non-current liabilities	28,045	26,451	24,727	22,864	30,352	19,809	11,884
Non-current liabilities	512,541	457,763	529,073	667,449	683,226	754,359	861,589
Total liabilities	703,649	682,441	733,732	887,422	899,090	961,895	1,045,991
Total equity and liabilities	1,806,787	1,820,438	1,977,579	2,147,997	2,285,562	2,494,715	2,816,799