

GREATER WELLINGTON REGIONAL COUNCIL  
**TE RIPOATA TŌMUA I TE PŌTITANGA**  
**PRE-ELECTION REPORT**

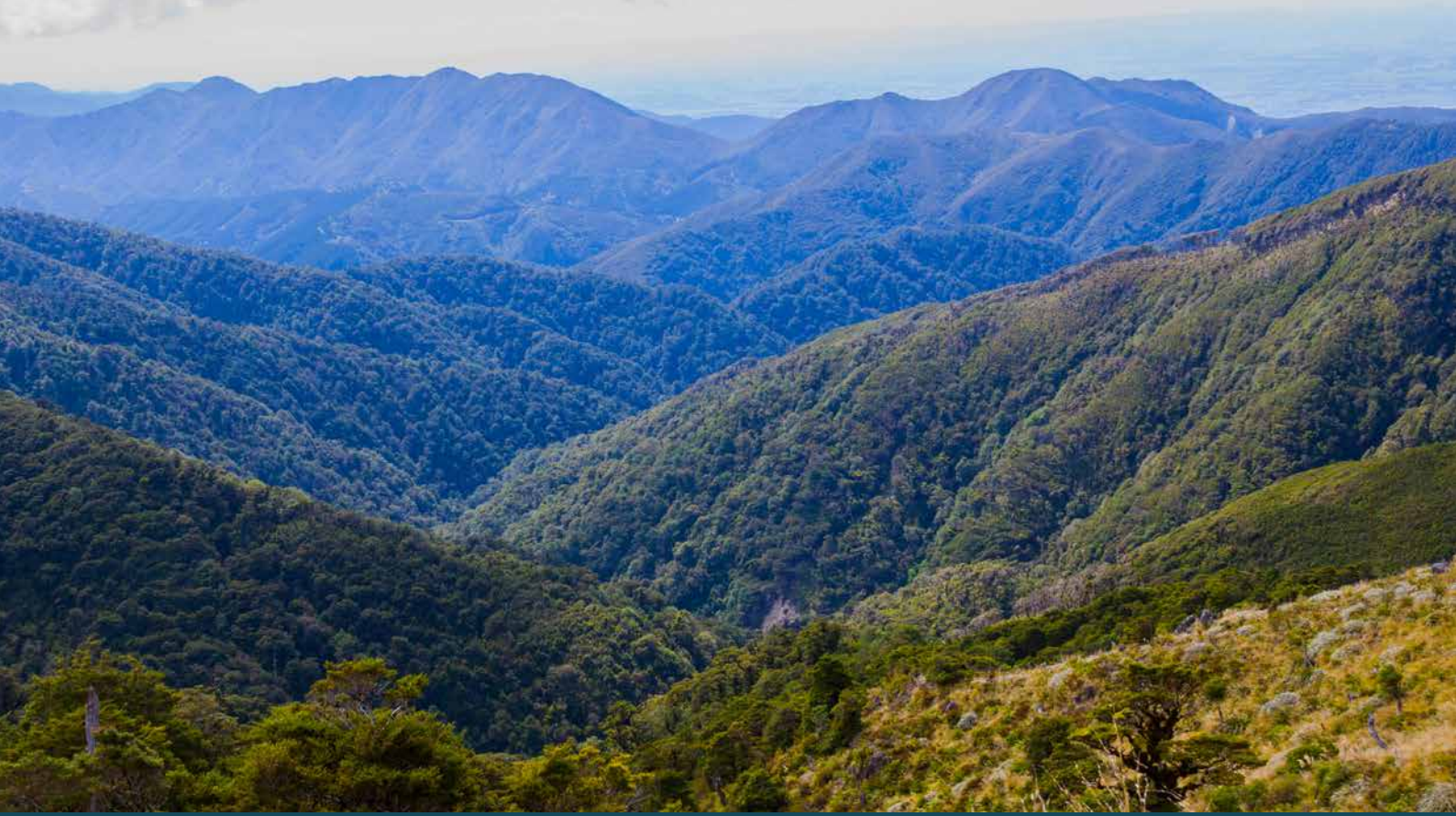


He pārongo mā ngā kaipōti me ngā kaitono  
ki te Pōtitanga ā-rohe 2019

Information for voters and potential candidates  
in the 2019 Local Government Elections



**greater WELLINGTON**  
REGIONAL COUNCIL  
Te Pane Matua Taiao



"We share a desire to improve the wellbeing of not just this region but the whole nation and the work we do is aimed at achieving this."



## Welcome from the Chief Executive

### **E ngā mana, e ngā reo, e te iwi o te motu, tēnā koutou, tēnā koutou, tēnā koutou katoa**

If you're passionate about this region and the things that make this a place that people are proud to call their own, this is your opportunity to stand for Greater Wellington and help to continue to shape our region, now and for future generations. Local government elections are being held in October of this year so now is the time to begin thinking about standing.

To help you decide whether you want to stand and join us in improving the region for the citizens of today and the generations of tomorrow, we have put together this Pre-election Report.

This report outlines all the things we do as a Council, our role and what we have planned over the next three years. We share a desire to improve the wellbeing of not just this region but the whole nation and the work we do is aimed at achieving this.

We are involved in significant investments that help build a sustainable region – flood protection, managing the environment and water ways, and ensuring the public transport network meets the growing needs of the region.

However, we are also facing some big challenges: the impacts of climate change which has serious implications on our coastal area and water quality; while also making sure we have the funding available to do the things we need to do, and at the time that we need to. These are not challenges that can be quickly solved but can provide opportunities for us to look at new ways to work. Bringing your views and the views of the community to the table will be incredibly important over the next few years as we review and reshape what we do to meet this changing environment.

I am proud of the work we do and I am proud of the commitment and energy of the people who work at Greater Wellington and the many people in the region who partner with us to find the best outcomes possible.

If you care about the region and helping to guide our next three years, then nominate yourself or someone you know for Greater Wellington Regional Council. For more information, see [www.MakeAStand.co.nz](http://www.MakeAStand.co.nz).

Ngā mihi,

Greg Campbell  
**Chief Executive**



# Introduction

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**This Pre-election Report provides a summary of the opportunities and issues Greater Wellington Councillors will encounter over the next triennium. It outlines our areas of responsibility and the matters that are of concern to our region, and our major programmes of work.**

## **Section 1 – Overview**

## **Section 2 – What is ahead for us**

## **Section 3 – Our key work programme**

## **Section 4 – Our Financial Strategy**

The financial information includes our current and forecast expenditure, debt and rates. Here's the fine print:

- Information for 2016/17 and 2017/18 comes from existing, audited documents such as our Annual Reports.
- Information for the 2018/19 is either estimated or from our 2018/19 Annual Plan. When our Annual Report 2018/19 is finalised and published, the actual audited information will have variances.
- Information for 2019/20-2022/23 comes from our Long Term Plan 2018-28, and from our 2019/20 Annual Plan. Because this is forecast information, it hasn't yet been audited, and actual results may have some variances.

*The preparation, content and timing of this report meets the requirements of section 99A of the Local Government Act (2002). For more information on Greater Wellington and our activities, go to [www.gw.govt.nz](http://www.gw.govt.nz)*

# Section 1 – Overview

Te Upoko o Te Ika a Maui – The Wellington Region

## At a glance our region:

Makes up **3%** of New Zealand's total land area

Covers a total of **8,049km<sup>2</sup>**

Has a coastal marine area of **7,867km<sup>2</sup>**

Has almost **500km** of coastline

Has **320km** of rivers and we manage 280km of stopbanks

There are **25** marae in our region which includes a mix of mana whenua and mātāwaka marae

We have **5** regional parks and we manage a number of other recreational areas



## Economic information:

The region's per capita GDP is **28%** greater than the national average<sup>1</sup>

Our population is projected to increase from around **504,000** in 2017 to **538,000** by 2027<sup>2</sup>

**30%** of the region's workers are employed in professional occupations

Private services contribute **66%** towards the region's GDP; public services make up a further **22%**

<sup>1</sup> Based on Infometrics Regional Economic Profile data

<sup>2</sup> Population growth figures taken from the Wellington Regional Investment Plan 2019

## Key financial facts:

**\$379**  
million

**Our forecast total net  
debt as at June 2019**

**AA**  
credit rating

**As measured by  
Standard & Poor's**

**\$394**  
million

**Total revenue**

More than  
**\$1.1 billion**

**In infrastructure  
assets**

**33%**

**Of revenue accounted  
for in rates**

Our vision for the region:

## He rohe taurikura – ka tōnui, ka honohono, ka pakari hoki An extraordinary region – thriving, connected and resilient

We take care of the things that matter. We have a fundamental role in the region to support the nation’s aspirations to improve the overall wellbeing of all New Zealanders. We provide the infrastructure, services and leadership to help connect and grow our region. Along with mana whenua, we are the guardians of the region’s waterways and land.

The wellbeing budget has altered the way in which central government prioritises where it spends its money and is driving a change in how New Zealanders think about the services they are provided. As MFAT note in its 2019 report on the Sustainable Development Goals, *He Waka Eke Noa Towards a Better Future Together*, achieving sustainable development globally is a critical challenge facing us all. Greater Wellington has a role to play in achieving New Zealand’s wellbeing goals. In the Long Term Plan 2018-28 we framed our priorities and work within five community outcomes and we believe these continue to provide a sustainable base in which to plan for the future of our region.

**These community outcomes are:**

Strong Economy	Connected Community	Resilient Community	Healthy Environment	Engaged Community
A thriving and diverse economy supported by high quality infrastructure that retains and grows businesses and employment	People are able to move around the region efficiently and communications networks are effective and accessible	A regional community that plans for the future, adapts to climate change and is prepared for emergencies	An environment with clean air, fresh water, healthy soils and diverse ecosystems that supports community needs	People participate in shaping the region’s future, take pride in the region, value the region’s urban and rural landscapes, and enjoy the region’s amenities

In achieving this, we are also part of a large network and system – community groups, mana whenua, central government, other local bodies and organisations – working together to achieve the best we can for everyone in this great region of ours. Legislation directs the things we have to do and it is our role to work within this system and wider community, to establish and agree how and when those services and work programmes are delivered.





Specifically, Greater Wellington cares for:



### **Regional parks and forests**

Managing our regional parks and forests for environmental protection and recreation



### **Harbour safety**

Managing the safety of the Wellington Region's harbours and coast



### **Biodiversity and biosecurity**

Protecting native birds, animals and plants, and managing pest plants and pest animals in the Wellington Region



### **Regional transport planning**

Planning for the development of the Wellington Region's strategic transport network



### **Environmental management**

Promoting sustainable use and protection of the Wellington Region's environment



### **Flood risk management**

Managing the risk of flooding in the Wellington Region



### **Land management**

Promoting the sustainable use of land in the Wellington Region



### **Emergency management**

Coordinating civil defence emergency management across the Wellington Region



### **Sustainable economic growth**

Coordinating the Wellington Regional Strategy



### **Safe and sustainable transport**

Supporting safe and sustainable transport choices throughout the Wellington Region



### **Bulk water supply**

Providing high-quality treated water to the Wellington Region's city councils for supply to consumers



### **Metlink public transport**

Providing bus, train and harbour ferry services and information

Our work programme for the period 2018 to 2028 is detailed in our Long Term Plan 2018-28, Ko Te Pae Tawhiti. Our Annual Plan 2019/20 will be available on 25 July 2019 and details any changes for the year from the Long Term Plan.

The following framework describes how our work is aligned to the aspirations of the community and our vision to achieve *an extraordinary region – thriving, connected and resilient*. Our work is focused around four strategic priorities, as outlined in the framework below.



## Delivering through partnership

Success is not the work of one, but the work of many. To achieve our work programme and the vision we have for the region, Greater Wellington recognises and values our many relationships.

- Mana whenua
- The community at large and a number of volunteer groups
- Central government
- Other councils
- National bodies

## Our partnership with mana whenua

We are committed to working with Māori to build strong, connected and successful whānau, hapū and iwi and to protect our natural resources. Our land needs care and attention and we need to take care of the things that matter, for now, and for generations to come.

To do that, we know we need to maintain our relationships with mana whenua. We need to have clear goals and aims. We also need to be open to new ways of doing things, and we need to help taurahere/mātāwaka to participate fully in whole-of-community issues.

Greater Wellington's partnership with mana whenua is described in detail in the Memorandum of Partnership which is due for review in 2018/19. This partnership can be seen in action through mana whenua representation in Greater Wellington groups, committees, projects and land management arrangements.



# Section 2 – What is ahead for us

There is no doubt that we are facing a changing environment. Climate change is an issue on everyone’s mind and has great significance for the work we do. Our region is growing and there are increasing demands on the services we provide, when and how we deliver these. Critical infrastructure that we manage requires ongoing significant investment.

The Wellington Region is also an important location for New Zealand and the New Zealand people. Although, as the nation’s capital, it is known for its public service, private services are now the real engine room of the Wellington economy, with private services contributing three-times as much output as the public sector. Because of its knowledge focus, Wellington is a high-productivity economy in New Zealand terms, with GDP per capita being around 28 percent higher than the national average. Maintaining a high level of productivity is dependent on continual skill and capability development, and ongoing investment in technologies. This requires a culture of education and skill improvement.

We should also recognise that there is strong international competition for talent and with the Wellington economy highly talent-dependent, the region needs to optimise its chances of attracting and retaining talented people by offering a positive combination of jobs, living circumstances and lifestyle. This creates an opportunity for the region to work together with central government.

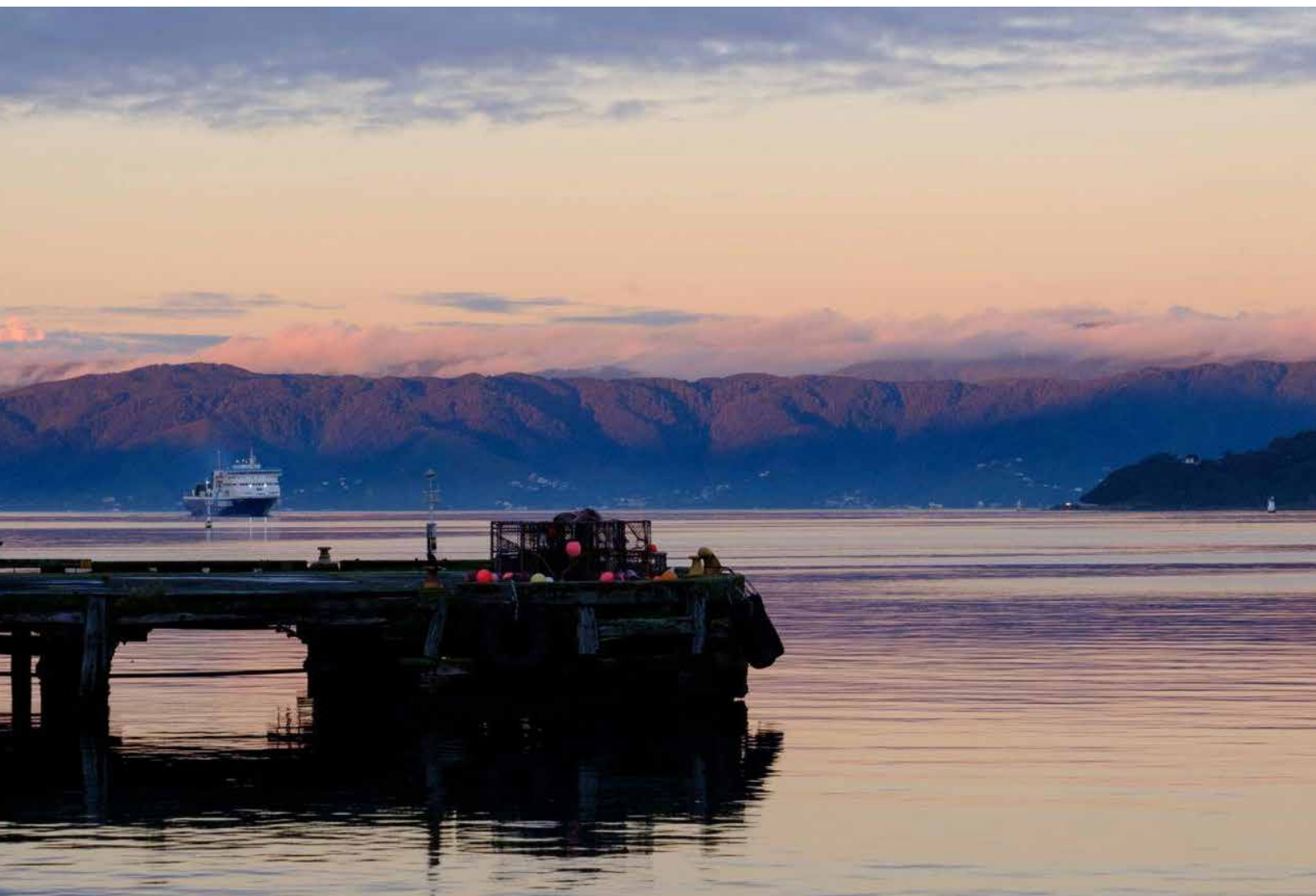
These and other considerations were identified during the development of our Long Term Plan 2018-28. We identified changes facing the organisation for the first three years of the plan and beyond. These are outlined in detail in the Long Term Plan 2018-28 and are summarised in the diagram below.



For the next triennium the following areas will be of significance as we deliver and adapt our programmes of work and plan for the future.

- **Public Transport** – delivering a reliable and sustainable public transport system
- **Affordability** – to fund the things needed while keeping costs within a reasonable pocket of spend
- Responding to the impacts of **climate change** and adverse events
- Our **regional leadership role** and our involvement in a range of key programmes for the region

The services we provide must not only respond to these changing needs and the changing expectations of the community, we must also have our own house in order by ensuring our systems and structure is agile and fit for purpose.



## Ngā waka tūmatanui - Public transport

We have a great opportunity to enhance the wellbeing of the region through creating a more sustainable, accessible and reliable public transport network through the next triennium. Meeting the needs and expectations of our customers and ratepayers will however be a significant challenge for Greater Wellington as we seek to find a balance between cost and the services we can provide.

Finding this balance while addressing the issues from the roll-out of the new bus network in July of last year, and balancing any decisions within the context of Greater Wellington's full work programme will drive considerable debate.

The business is large and complex and has been undergoing transformation following the implementation of the Government's new operating model for public transport. In such a complex environment there are a range of issues to manage, including those outside the direct control of Greater Wellington and which can have a significant impact on our ability to deliver our work programme. At the same time we are facing ongoing and significant patronage growth on rail and (more recently) high levels of growth on bus within Wellington City. These pressures create both challenges and opportunities for the next year, and beyond.

Within this environment, a priority for Greater Wellington will be ensuring the Wellington City bus network is operating to the level that customers can expect from a world-class public transport system. There is significant pressure on Greater Wellington to get this right, and while our statistics tell us that overall the bus network is generally running well, there are remaining issues around reliability and punctuality. And on rail, our priority will be to continue to invest to improve network resilience and to unlock capacity to meet both current and future demand.

Over and above the network improvements, there are a range of other significant pieces of work in the programme, including the Let's Get Wellington Moving project and our role in Project NEXT – the national ticketing project. When completed, these projects will deliver significant benefits for the region.



## Ngā utu e taea ana - Affordability

Delivering critical regional infrastructure requires significant investment and long-term commitment. Investment in infrastructure is recognised nationally as an issue that is challenging local government in terms of affordability and Greater Wellington this is no different. We also recognise that every cent we spend on providing the services our community want has a financial impact.

In 2019/20 we have kept our rates increase to 5.9 percent as outlined in the Long Term Plan. Rates are set to increase by 6.3 percent in 2020/21 and are forecast at an average increase of 5.0 percent for the life of this Long Term Plan. These increases are to fund the much needed infrastructure and large investments the regional council has committed to. Although these increases in percentage numbers appears high, the actual dollar amounts paid by ratepayers in our region is relatively modest. Our 5.9 percent rates increase for 2019/20 equated to an average annual increase of \$33.43 (GST inclusive) for a residential ratepayer.

The ongoing challenge for Greater Wellington is to keep rates at an affordable level while also continuing to invest in our Long Term commitments. Part of the work we are starting now to feed into the next Long Term Plan for 2021 is aimed at re-looking at our priorities and resource-allocation models to see if we can better target priorities whilst minimising the rating impact. This will also involve a review of the Revenue and Financing Policy to re-look at how we allocate rates across the region.

Our Financial Strategy and Infrastructure Strategy provide a sound basis on where and how we invest. See pages 124 and 145 respectively in the Long Term Plan 2018-28 for further details.

**this Long Term Plan**  
**rating was recently confirmed**  
**business has these significant features**  
**we have diverse revenue sources – our total income from rates**  
**is less than 50 percent of our total revenue.**  
**our net debt is less than 100 percent of annual revenues.**  
**Our finance costs are around 5 percent of our total revenue – we only pay 5 percent**  
**income as interest on our borrowings.**  
**dependent on Greater Wellington being able to fund big pi**  
**Our focus to maintain Greater Wellington's good finan**  
**our communities. We plan to deliver a sig**  
**competing tensions among res**

## He urupare ki te huringa āhuarangi - Responding to climate change

Climate change impacts are already being felt by the Wellington Region. Key implications for our community are increased risk of droughts in the Wairarapa, increased risk of intensity in large rainfall events and sea level rise and storm surge impacts on coastal communities and infrastructure. Climate change is also affecting the health of our environment and ecosystems. Warmer temperatures, less stable rainfall patterns, and increased weather extremes are putting pressure on the health of our waterways, biodiversity, and native species and ecosystems. For instance, toxic algae events are becoming more frequent and long-lasting, and invasive pests are potentially migrating to our region from warmer climates. A specific work programme addressing the most vulnerable areas of the region susceptible to coastal impacts will be initiated over this electoral period.

With the introduction of the Zero Carbon Bill to Parliament, Greater Wellington is also looking at ways in which our carbon footprint can be reduced. This provides both a challenge and an opportunity. Through addressing our corporate emissions, working with the territorial authorities to co-ordinate mitigation activities, such as the electric vehicle charging network, and the emissions of our public transport service, we are also seeking to enable the wider take-up of active and low-emission transport options in the region.





## Tō mātou tūranga kaiārahi - Our leadership role

Greater Wellington has an important role as the only regional authority in coordinating and providing leadership to significant initiatives of regional importance. Many of these initiatives are delivered within a complex system, involving multiple partners and within the frameworks of various binding Acts and Plans. Greater Wellington has an opportunity to influence and lead through this complex environment and find creative and future-thinking solutions.

We are already involved in a number of significant programmes in the region. These include significant initiatives such as: Let's Get Wellington Moving; Wellington Regional Investment Plan; Regional Growth Framework; Multi-User Cook Strait Ferry Terminal; and RiverLink.

Some things may remain out of our control, for example the funding priorities of the government over the next three years, especially in the area of public transport, however we will need to be ahead of the game and aligned to the key decision makers. Legislative changes are also possible over the next triennium and could impact on the role and funding of councils and in particular our role in a number of activities in the region. Again, we will need to stay abreast of the issues and undertake a leadership role where relevant and possible.



# Section 3 – Our key work programme

The key work programme listed on the following pages are guided by our four key strategic priorities: Public transport, regional resilience, fresh water quality and biodiversity, and water supply.

## Ngā waka tūmatanui - Public transport

### The Wellington Region has a world-class integrated public transport network.

Learn more about this strategic priority at [www.whatmattersgw.com/public-transport](http://www.whatmattersgw.com/public-transport)

Some of the key work programmes for public transport during the next triennium include:

Programme	Description
<b>Enhancing performance of the bus network</b>	<p>Work with operators and other partners will be critical to ensure the new bus network delivers on customers' expectations of a modern, high quality, sustainable and reliable public transport system.</p> <p>Looking ahead, we will also be looking at the entire fleet and develop a strategy which sets out how to achieve our aim to be the first region in the country with a fully electric bus fleet.</p>
<b>Improving the rail network</b>	<p>Work with our partners KiwiRail and Transdev to modernise and improve resilience, maintenance, infrastructure, capacity and punctuality of the rail network will remain a focus.</p> <p>We will also be addressing the need to replace locomotive hauled trains on the services to Wairarapa and Manawatū and for upgrades to the rail network beyond 2030.</p>
<b>Preparing the way for a new integrated fares and ticketing system</b>	<p>We will continue to work with the NZ Transport Agency and other regional public transport authorities, to introduce an innovative national public transport ticketing system.</p>
<b>Let's Get Wellington Moving</b>	<p>This is a significant project for the region. We will work with our partners, Wellington City Council and the NZ Transport Agency, on a new transport system from Ngauranga Gorge to Wellington Airport. The next phase is the development of detailed business cases and delivery of early improvements.</p>



## Te tū pakari a te rohe - Regional resilience

**Our infrastructure is resilient to adverse events and supports our region's economic and social development.**

Learn more about this strategic priority at [www.whatmattersgw.com/regional-resilience](http://www.whatmattersgw.com/regional-resilience)

Some of the key programmes for regional resilience during the next triennium include:

Programme	Description
<b>Maintaining flood protection assets</b>	We manage and maintain more than \$340 million of flood protection assets along 800km of rivers around the region. Our work to repair and undertake minor upgrades, repairing flood damage and managing the effects of our flood protection infrastructure on the environment is a critical area to ensuring resilience.
<b>Progressing RiverLink</b>	RiverLink is a significant joint project for Greater Wellington over the next triennium. We will work with Hutt City Council and NZ Transport Agency to deliver better flood protection, better lifestyle and improved transport connections in central Lower Hutt.
<b>Carrying out hazard investigations and developing floodplain management plans</b>	Over the next three years we plan to progress other flood protection programmes across the region, including the Mangatarere flood hazard assessment, review of the Ōtaki Floodplain Management Plan and complete floodplain management plans for Te Kāuru and Waiohine.
<b>Leading regional emergency management</b>	The Wellington Regional Emergency Management office will continue to progress work with city and district councils and other partners to ensure the region is even better prepared for a major emergency event in the future.



## Te oranga o te wai māori me te rerenga rauropi - Fresh water quality and biodiversity

**The quality of the fresh water in our rivers, lakes and streams is maintained or improved, and our region contains healthy plant and wildlife habits.**

Learn more about this strategic priority at [www.whatmattersgw.com/fresh-water-quality-and-biodiversity](http://www.whatmattersgw.com/fresh-water-quality-and-biodiversity)

Some of the key programmes for fresh water quality and biodiversity during the next triennium include:

Programme	Description
<b>Expanding the Wellington Region Erosion Control Initiative (WRECI)</b>	With additional support from the One Billion Trees programme, we will expand WRECI, our hill country erosion control programme. This programme treats erosion-prone land using a mix of willow and poplar plantings, exotic forestry and reversion to native forest.
<b>Progressing the Whaitua programme</b>	We support and enable our whaitua committees; groups of local people, iwi and councillors responsible for identifying ways to maintain or improve the quality of streams, rivers and harbours in their area. These programmes provide the backdrop to making progress in this area.
<b>Caring for our environment</b>	Greater Wellington has a regulatory and compliance role. Under the RMA, we process all applications to use natural resources. We also monitor and report on the state of the environment, manage environmental threats like pest plants and animals, and provide a 24-hour pollution response service.
<b>Pest management</b>	Commencing in 2019/20 we will implement the Greater Wellington Regional Pest Management Plan 2019-2039 which establishes a framework for managing or eradicating specified organisms efficiently and effectively in the Wellington region.
<b>Improving the habitat of our regional parks</b>	In partnership, we plan to revegetate formerly grazed areas of our park land to improve the habitat for native fauna and flora, strengthen ecological connections and reduce sediment inflow to waterways.



# Ngā puna wai - Water supply

**The bulk water supply infrastructure consistently delivers high quality drinking water to the four city councils (Porirua, Hutt City, Upper Hutt and Wellington).**

Learn more about this strategic priority at [www.whatmattersgw.com/water-supply](http://www.whatmattersgw.com/water-supply)

Some of the key programmes for water supply during the next triennium include:

Programme	Description
<b>Improving resilience of the water supply network</b>	<p>The Wellington Water Supply Resilience Strategy identifies several areas where the ability to provide water following a major earthquake can be improved. During the triennium several projects are planned, including improving the resilience of the water storage reservoir at the Wainuiomata Water Treatment Plant; improving resilience of the wellfield pipework drawing water from the Waiwhetu artesian aquifer, and improvements to seismic resilience at the Waterloo Water Treatment Plant.</p> <p>Work on an alternative supply to Wellington will progress during the triennium. Options to consider a cross harbour pipeline or an alternative option will be progressed and considered.</p>
<b>Reliability of the water supply network</b>	<p>Projects to improve reliability of the network will be carried out during the triennium and the timing of these will be dependent on costs. Projects are likely to include replacement of the bulk supply pipeline on the Silverstream bridge. The existing pipeline across the Hutt River is close to the Wellington fault and considered a significant risk to the provision of a reliable water supply following a significant seismic event. Projects will also be carried out on sections of the network to add corrosion protection to the bulk supply pipelines to reduce the risk of failure.</p>



## Other

Some of our other key work programmes during the next triennium include:

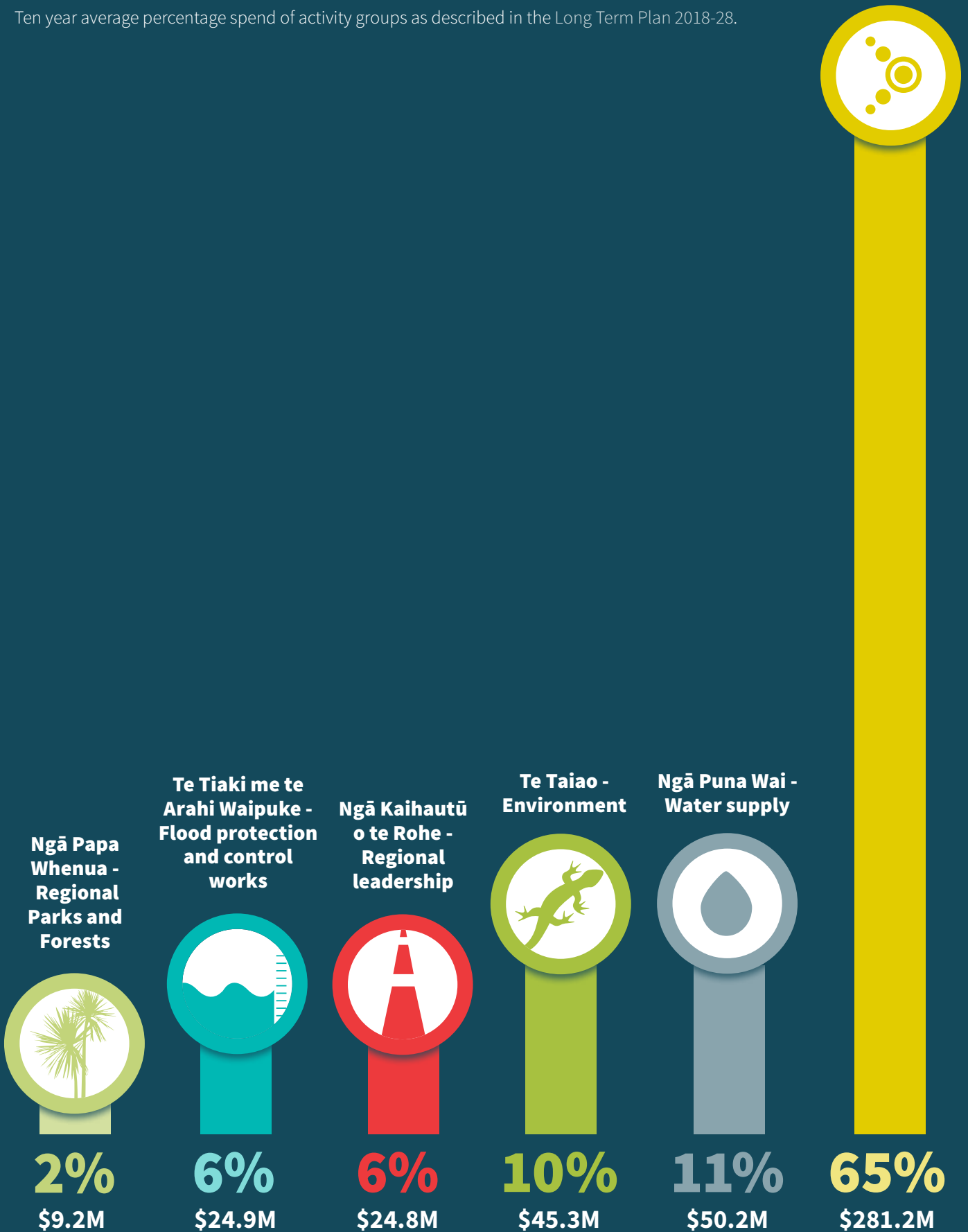
<b>Programme</b>	<b>Description</b>
<b>Parks Network Plan</b>	We will complete the review of the Parks Network Plan in 2019/20 and begin implementation in the following years. This plan will deliver changes based on community responses, for example improved access to and within parks, and changes to use.
<b>Maintaining and upgrading park facilities and assets</b>	We will continue to maintain and upgrade park assets so that they are fit for their purpose of providing safe, durable access to the regional parks for a wide range of people. This work will be carried out with a particular focus on bridges, culverts and other instream structures that impact on water quality and fresh water habitat.
<b>Promoting regional economic development</b>	We will work with a range of partners on initiatives to promote economic development including the Wellington Regional Investment Plan, Māori Economic Development Strategy and Action Plan, Workforce Development Plan and delivery of the Wairarapa Action Plan.
<b>Regional initiatives</b>	We are working with CentrePort and a range of other partners to investigate the best options for a new multi-user ferry terminal. We aim to complete the Programme Business Case and agree with our partners on the next steps in 2019/20. We will also work with CentrePort as they finalise a Regeneration Plan for the port and with Wellington City Council on longer-term opportunities for redevelopment of land in and around the port area.



# Where the money goes:

Ten year average percentage spend of activity groups as described in the Long Term Plan 2018-28.

**Ngā Waka  
Tūmatanui -  
Metlink Public  
transport**



# Section 4 – Our Financial Strategy

## How we pay for the work we do

The overall approach to our Financial Strategy is to prioritise investment in core regional infrastructure and manage our financial resources. We fund this from a range of sources including rates, user charges and co-funding. Our strong balance sheet enables us to borrow to fund our Long Term capital investments. We have considered how to prioritise and sequence programmes to make sure that we address our priorities, meet the objectives of our Infrastructure Strategy, maintain overall affordability for ratepayers, and maintain a strong financial position.

Major issues that have had a large influence on the overall shape of our Financial Strategy include:

- **Earthquake response, consequences and preparedness**

In November 2016 the Kaikōura earthquake highlighted the resilience challenges our region faces. Greater Wellington has absorbed and planned for a number of financial impacts resulting from the earthquake.

- **Flood protection programme**

Our flood protection programme over the next ten years is focused primarily on RiverLink, as outlined on the previous pages.

- **Bulk water resilience**

An alternative water source for Wellington city is planned to be constructed to improve the ability for the bulk water network to withstand a major earthquake.

- **Rail infrastructure and rolling stock funding**

Greater Wellington's plan to increase its level of service across the Metlink public transport network requires some significant investments in rail infrastructure.

- **Implications of the delivery of major works programmes**

Greater Wellington is committed to a number of major programmes of work to effectively deliver to our priority outcomes and our vision: an extraordinary region – thriving, connected and resilient.

- **Population and changes in land use**

The forecast growth in population will impact demand for Greater Wellington activities.

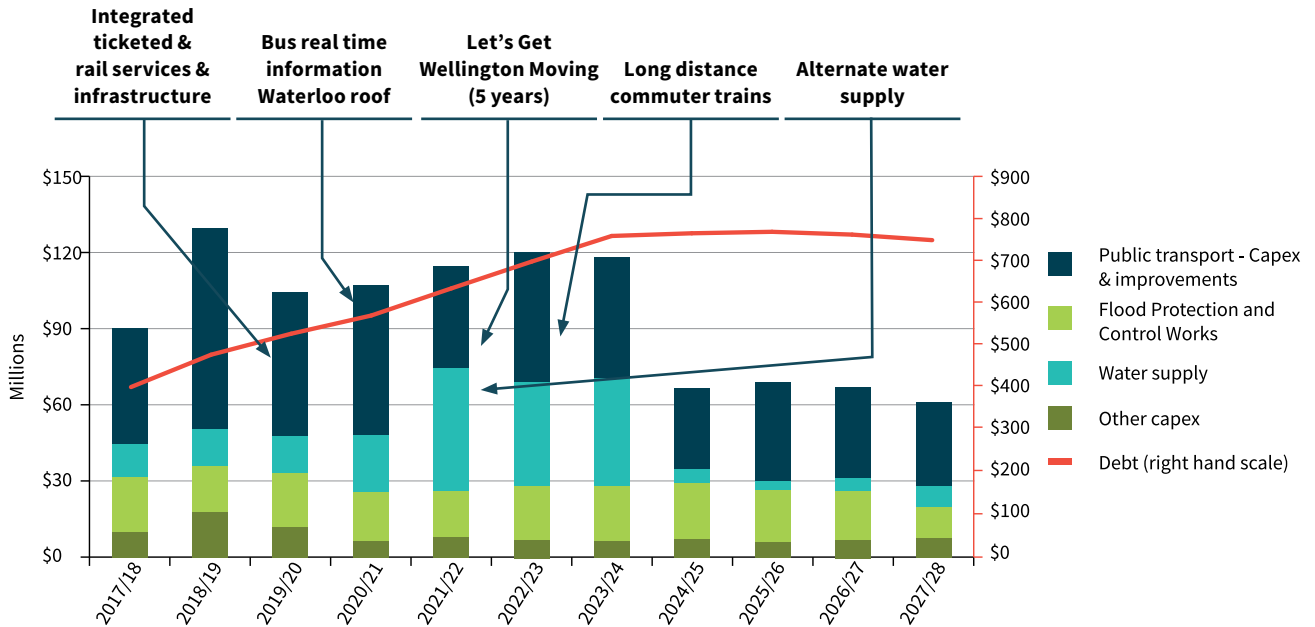
These issues along with recent announcements regarding Let's Get Wellington Moving will continue to place pressure on our Financial Strategy objectives of meeting the community expectations on levels of service while maintaining a strong balance sheet and limiting the rate increases.

Our full Financial Strategy is set out in our Long Term Plan 2018-28.



# Capital expenditure

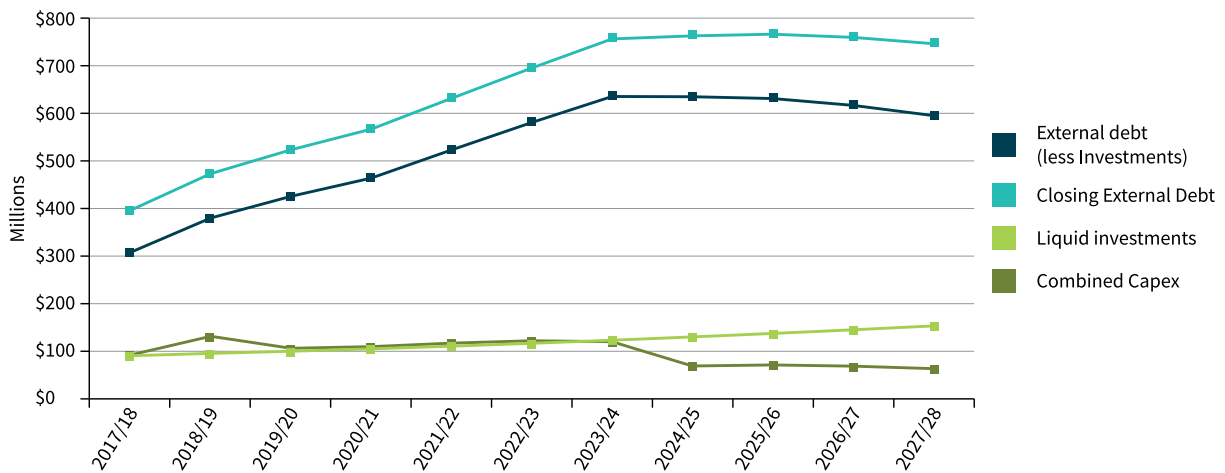
Over the 10 years of the Long Term Plan 2018-28 there are some big-ticket items that drive our capital expenditure programme. Most of these are in our public transport and water supply activities. The following graph shows capital expenditure and debt over the 10-year period.



# Debt

We use debt to fund projects so that future ratepayers pay for their share of the assets and expenditure that have a future benefit to them. Debt funding is used for:

- Capital expenditure
- Working capital – due to timing differences between cash inflows and outflows
- Other investment activity eg, shares in the Local Government Funding Agency
- Some operating expenditure – one-off projects and expenditure that provide longer term benefit



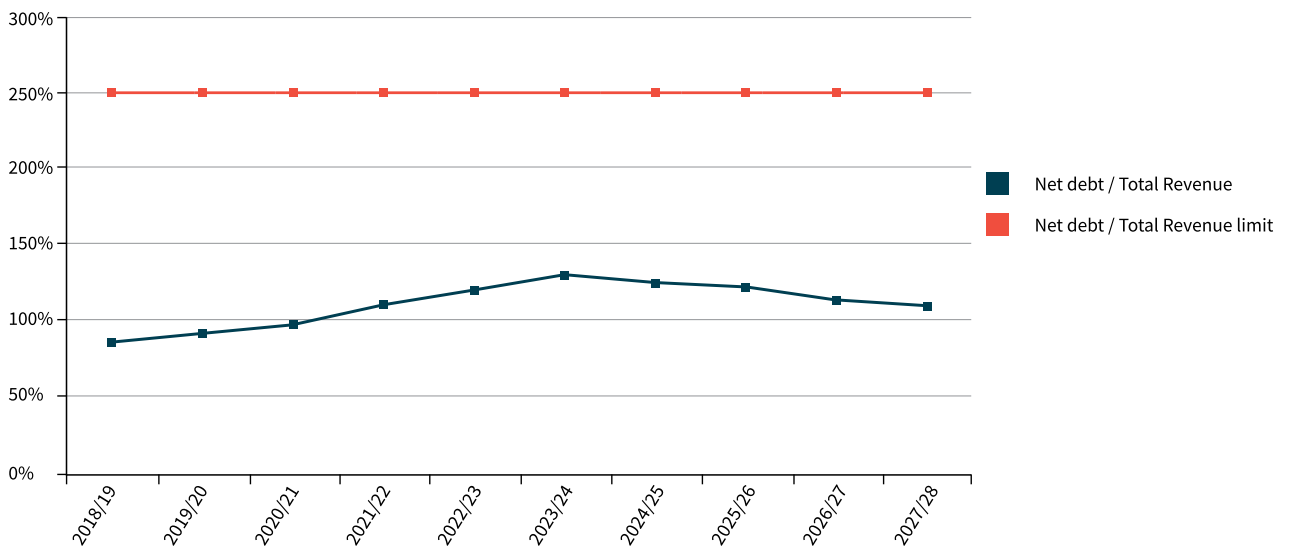
Our Financial Strategy shows forecast borrowing limits compared to financial limits over the next decade. The forecast levels remain well within the financial covenants set by the Local Government Funding Agency.

# Borrowing limits in the Financial Strategy

We have set the following limits on borrowing:

- A maximum external debt level where interest costs are no more than 30 percent of rates and levy income, occurring within the 10-year period
- A maximum external debt balance of \$800 million during the 10-year period. The peak balance is currently expected to be \$764 million in 2025/26, but we have allowed a little headroom to take account of any expected cost increases

The following graph shows that Greater Wellington’s net debt to total revenue ratio is forecast to be well below the prudent limit of 250 percent.



## Compliance with the Financial Strategy

	2016/17		2017/18		2018/19	
	Target	Actual	Target	Actual	Target	Actual
Limit on rates	\$117K	\$114K	\$128K	\$124K	\$174K	\$129K
Limit on Rates Increases	6.5%	7.9%	6.5%	5.6%	8.0%	5.7%
Debt	\$366M	\$328M	\$396M	\$379M	\$473M	\$454M <sup>1</sup>

<sup>1</sup> Forecast year end position

The Financial Strategy contained targets in relation to the Council's investments below.

### CentrePort

- Receive an acceptable level of cash return – *while the dividend was lower than expected this reflected the impact of the earthquake in 2016.*
- Receive an on-going increase in value of the investment – *Achieved.*

### Local Government Funding Agency

- Lower cost of borrowing, due to LGFA's economies of scale – *Achieved.*
- A dividend as return on the investment in the LGFA – *Achieved.*

# Prospective Funding Impact Statement

For Greater Wellington Regional Council for the year ending 30 June

	2016/17 Actual \$000s	2017/18 Actual \$000s	2018/19 Forecast \$000s	2019/20 Annual Plan \$000s	2020/21 LTP \$000s	2021/22 LTP \$000s	2022/23 LTP \$000s
<b>Sources of operating funding</b>							
General rate	40,784	41,351	47,283	52,851	51,491	55,196	57,237
Targeted rates	77,172	80,779	84,828	86,832	97,454	105,140	113,820
Subsidies and grants for operating purposes	61,783	69,058	82,217	80,759	78,232	87,584	88,482
Fees, charges, and targeted rates for water supply	50,021	52,929	99,315	104,236	106,992	107,499	109,423
Interest and dividends	4,603	4,506	6,882	5,875	6,009	7,355	8,536
Fines, infringement fees, and other receipts	50,026	51,021	50,498	55,594	50,832	52,838	54,998
<b>Total operating funding</b>	<b>284,389</b>	<b>299,644</b>	<b>371,023</b>	<b>386,147</b>	<b>391,010</b>	<b>415,612</b>	<b>432,496</b>
<b>Applications of operating funding</b>							
Payments to staff and suppliers	261,116	275,694	331,502	342,846	329,350	347,456	351,665
Finance costs	16,477	19,608	23,262	24,382	23,432	27,023	30,424
Other Operating Funding Applications	-	-	-	-	-	-	-
<b>Total applications of operating funding</b>	<b>277,593</b>	<b>295,302</b>	<b>354,764</b>	<b>367,228</b>	<b>352,782</b>	<b>374,479</b>	<b>382,089</b>
<b>SURPLUS/(DEFICIT) OF OPERATING FUNDING</b>	<b>6,796</b>	<b>4,342</b>	<b>16,259</b>	<b>18,919</b>	<b>38,228</b>	<b>41,133</b>	<b>50,407</b>
<b>Sources of capital funding</b>							
Subsidies and grants for capital expenditure	13,420	16,407	14,476	22,371	30,947	15,065	12,247
Increase / (decrease) in debt	27,074	45,924	64,810	56,653	44,005	62,619	65,342
Gross proceeds from asset sales	744	515	311	669	299	377	308
<b>Total sources of capital funding</b>	<b>41,238</b>	<b>62,846</b>	<b>79,597</b>	<b>79,693</b>	<b>75,251</b>	<b>78,061</b>	<b>77,897</b>
<b>Applications of capital funding</b>							
- to meet additional demand	3,759	262	-	-	-	12,810	13,104
- to improve the level of service	18,304	49,231	50,670	52,243	51,319	65,793	59,394
- to replace existing assets	5,791	8,969	28,135	29,008	30,402	18,225	14,795
Increase / (decrease) in investments	22,244	9,678	16,283	24,805	31,395	24,819	39,765
Increase / (decrease) in reserves	(2,064)	(952)	768	(7,444)	363	(2,453)	1,246
<b>Total applications of capital funding</b>	<b>48,034</b>	<b>67,188</b>	<b>95,856</b>	<b>98,612</b>	<b>113,479</b>	<b>119,194</b>	<b>128,304</b>
<b>SURPLUS/(DEFICIT) OF FUNDING</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

This statement is not an income statement or a traditional cash flow statement as it excludes all non-cash transactions and has regulated classifications. Its purpose is to assist readers understand how the council is cash funded and how those funds are utilised.

Depreciation	18,225	18,644	25,022	28,574	34,298	39,066	42,051
<sup>1</sup> Includes the Water Supply Levy	29,098	30,863	33,069	34,788	35,892	38,305	41,214

# Prospective Statement of Financial Position

Greater Wellington Regional Council – as at 30 June

	2016/17 Actual \$000s	2017/18 Actual \$000s	2018/19 Forecast \$000s	2019/20 Annual Plan \$000s	2020/21 LTP \$000s	2021/22 LTP \$000s	2022/23 LTP \$000s
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	346	5,308	18,915	26,254	19,724	20,202	20,723
Investments (current)	-	-	32,928	33,488	33,580	33,948	34,345
Trade and other receivables	84,908	114,033	31,375	25,651	41,686	44,690	46,767
Assets available for sale							
<b>Current assets</b>	<b>85,254</b>	<b>119,341</b>	<b>83,218</b>	<b>85,393</b>	<b>94,990</b>	<b>98,840</b>	<b>101,835</b>
<b>Non-current assets</b>							
Investments (non-current)	52,399	22,251	41,280	103,890	49,409	54,169	59,330
Investment in subsidiaries	249,145	256,595	289,412	295,632	336,724	355,792	389,334
Property, plant and equipment	941,744	1,175,286	1,269,526	1,288,018	1,370,392	1,427,780	1,603,591
<b>Non-current assets</b>	<b>1,243,288</b>	<b>1,454,132</b>	<b>1,600,218</b>	<b>1,687,540</b>	<b>1,756,525</b>	<b>1,837,741</b>	<b>2,052,255</b>
<b>TOTAL ASSETS</b>	<b>1,328,542</b>	<b>1,573,473</b>	<b>1,683,436</b>	<b>1,772,933</b>	<b>1,851,515</b>	<b>1,936,581</b>	<b>2,154,090</b>
<b>Equity and liabilities</b>							
<b>Equity attributable to equity holders of the parent</b>							
Retained Earnings	338,420	332,077	385,044	393,183	461,357	483,804	505,097
Reserves	581,566	775,335	782,033	768,325	779,822	777,369	909,489
<b>Total taxpayers funds</b>	<b>919,986</b>	<b>1,107,412</b>	<b>1,167,077</b>	<b>1,161,508</b>	<b>1,241,179</b>	<b>1,261,173</b>	<b>1,414,586</b>
<b>Current liabilities</b>							
Debt (current)	96,767	99,622	126,800	126,800	126,800	126,800	151,800
Other current liabilities	46,272	45,198	42,642	43,281	42,642	42,642	42,642
<b>Current liabilities</b>	<b>143,039</b>	<b>144,820</b>	<b>169,442</b>	<b>170,081</b>	<b>169,442</b>	<b>169,442</b>	<b>194,442</b>
<b>Non-current liabilities</b>							
Debt (Non-current)	265,517	321,241	346,917	441,343	440,894	505,966	545,062
<b>Non-current liabilities</b>	<b>265,517</b>	<b>321,241</b>	<b>346,917</b>	<b>441,343</b>	<b>440,894</b>	<b>505,966</b>	<b>545,062</b>
<b>Total liabilities</b>	<b>408,556</b>	<b>466,061</b>	<b>516,359</b>	<b>611,424</b>	<b>610,336</b>	<b>675,408</b>	<b>739,504</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,328,542</b>	<b>1,573,473</b>	<b>1,683,436</b>	<b>1,772,932</b>	<b>1,851,515</b>	<b>1,936,581</b>	<b>2,154,090</b>





# STAND FOR REGIONAL COUNCIL

Will you make a stand for what matters to you?



**Environment**



**Water quality**



**Whānau**



**Flood protection**



**Public transport**

**2019 LOCAL  
GOVERNMENT  
ELECTIONS**

**Greater Wellington Regional Council is in search of talented people who are capable, vibrant, energetic and engaged, with a commitment to our communities and a passion for our region. If you know someone you feel will make a great regional councillor or you wish to nominate yourself, visit [MakeAStand.co.nz](http://MakeAStand.co.nz)**

Local government elections will be held in October this year. If you're passionate about this region and its future development, this is your opportunity to stand for Greater Wellington Regional Council and help shape our future.

At Greater Wellington, we deal with the issues that impact people's lives every day. We work across many areas, but it all boils down to one idea: taking care of the things that really matter. That means working together to make this place we call home a truly extraordinary region.

Join us in raising the quality of our fresh water, improving public transport, enhancing our natural environment, building regional resilience and safeguarding our water supply; all vital areas for our quality of life. Our Pre-Election Report, available from 19 July at: [MakeAStand.co.nz/candidate-information](http://MakeAStand.co.nz/candidate-information) includes more information on our planned activities.

The chance to stand and influence the direction and policies of the regional council only comes around every three years. If you've got what it takes to make a difference, you should think about standing as a candidate for Greater Wellington Regional Council in this election.



**greater WELLINGTON**  
REGIONAL COUNCIL  
Te Pane Matua Taiao

For more information and to nominate yourself or someone you know, visit:

**[MakeAStand.co.nz](http://MakeAStand.co.nz)**

**Nominations close:** 12noon, 16 August    **Election day:** 12 October