

22 July 2022

Chris McCashin

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Kia ora Chris

Thank you for your request made under the Local Government Official Information and Meetings Act 1987 (the Act), received on 25 June 2022. You requested the following information:

- Council policy documents / directives associated with surplus revenue and what occurs when there are surpluses.
- If the above is not available, please provide what these surpluses were earmarked for each year.
- What are the governance requirements around surpluses and where does all the money go to?
- Please provide any and all meeting notes, minutes, governance discussions around council having a moratorium and only spending what the rates take allows them to?

Wellington City Council (the Council) has **granted** your request for information.

Please refer to Item 1 for the Council's Revenue and Financial Policy regarding the Council's surpluses from the previous financial periods and the governance requirements around surpluses. Discussions around the adoption of the Revenue and Financial Policy on 30 June 2021 can be found online.

<https://wellington.govt.nz/your-council/meetings/committees/council/2021/06/30>.

Discussions around the surplus and deficit spending is discussed at our Annual Plan and Council meetings. These are publicly available documents.

Our financial strategy is set every three years to address the challenges we are facing and how we plan to address them. However, these are constantly evolving, with one of the biggest challenges in the past two years managing the significant financial impact that COVID-19 continues to have on both the Council and the city.

Balanced budget

The Council operates a balanced budget. This means rates fund only what is required to pay for the services delivered each year. A balanced budget also helps ensure that we are not passing the costs of running the city today onto future generations and guards against imposing costs on Wellingtonians now for projects that may not deliver any benefits to them in the foreseeable future. This means each generation pays its fair share. Therefore, our goal is to achieve an end-of-year result where rates revenue equals operating expenditure. This is called the underlying result (surplus or deficit) and is best measured as a percentage of total operating expenditure. Operating expenditure has increased by \$9.7m or 2 percent year on year. This mainly relates to an increase in depreciation expense following the revaluation of our infrastructure assets last year.

Underlying position

The underlying operating result provides a comparison with the 2020/21 Annual Plan budgeted rates requirement we said was needed to achieve a balanced budget against actual operating performance. To get from the reported net surplus/(deficit) to the underlying result, the following are excluded:

- revenue received for capital items (for example, funding received from NZTA for roading projects)

- non-funded or debt-funded transactions, where, through the Annual Plan, it was deemed appropriate that the costs were shared across future ratepayers, or where another organisation is liable for the funding
- separately funded items where funding was through other mechanisms
- ring-fenced activities for housing and waste minimisation.

The above explanation is taken from the Annual Report 2020/2021 volume 1 and further detailed explanation can be found on page 21 (link below). Similar explanations for previous years can be found in the matching annual reports.

The below table is the net surpluses for the Council, which provides you with a comprehensive explanation of where all the revenue and expenses goes.

Year	Net surplus/(deficit) for the year \$000	Link to the online Annual Reports	Link to the online Annual Plans	Link to Annual report discussion at the Council meetings
2021	7,457	Annual Report 2020/2021 - Volume 1 Pg 21	Annual Plan 2020/2021 Pg 84	https://wellington.govt.nz/your-council/meetings/committees/council/2021/10/27
2020	15,146	Annual Report 2019/2020 Pg 18	Wellington City Council's Annual Plan 2019/20 Pg 100	https://wellington.govt.nz/your-council/meetings/committees/council/2021/10/27
2019	(23,867)	Annual Report 2018/2019 Pg 32	Long Term Plan 2018-28 Pg 145	https://wellington.govt.nz/your-council/meetings/committees/disestablished-committees/city-strategy-committee/2019/09/25
2018	32,207	Annual Report 2017/2018 Pg 32	Wellington City Council Annual Plan 2017-2018 Pg 90	https://wellington.govt.nz/your-council/meetings/committees/council/2018/09/26
2017	31,679	Annual Report 2016/2017 Pg 19	Wellington City Council Annual Plan 2016/17 Pg109	https://wellington.govt.nz/your-council/meetings/committees/council/2017/09/27
2016	34,106	Annual Report 2015/2016 P13	wcc-long-term-plan-2015-25-volume-1.pdf (wellington.govt.nz) Pg176	https://wellington.govt.nz/your-council/meetings/committees/council/2016/09/28
2015	35,542	Annual Report 2014/2015 P26	Wellington City Council Annual Plan 2014/15 Pg89	https://wellington.govt.nz/your-council/meetings/committees/council/2015/08/26

2014	27,609 in FY 2014/2015 AR 27,465 in FY2013/2014 AR	Annual Report 2013/2014 P18	Wellington City Council Annual Plan 2013-2017 Pg 64	https://wellington.govt.nz/your-council/meetings/committees/council/2014/08/27
Total	159,879			

Notes:

Figures taken from Statement of Comprehensive Revenue & Expense 2013/2014 –net surplus was restated and the adjustment made in 2014/2015.

Below are the documents that fall in scope of your request and my decision to release the document.

Item	Document name/description	Decision
1.	Revenue and Finance Policy	Release

Right of review

If you are not satisfied with the Council's response, you may request the Office of the Ombudsman to investigate the Council's decision. Further information is available on the Ombudsman website, www.ombudsman.parliament.nz.

Please note, we may proactively release our response to your request with your personal information removed.

Thank you again for your request, if you have any questions, please feel free to contact me.

Kind regards

Asha Harry

Official Information