

2022/23 Annual Plan

– Update to Councillors, 15 March 2022

Purpose of this session

To discuss with Council:

- Budget and Rates confirmation
- Public Engagement Plan
- Timeline / next steps

2022/23 Annual Plan Recap – where we got to

At the 9 December Council Workshop:

- Councillors agreed on the proposed rates increase for next year of 13.14% (not using internal reserves, and using a 3% personnel allowance increase)
- Officers established that a public consultation is not required for the 2022/23 Annual Plan
- However, we will “**Inform**” the public on some items that faced increased costs since our LTP was published:
 - RiverLink project
 - Bulk Water Supply network improvement projects (Kaitoke Flume Bridge replacement and Silverstream Pipe bridge replacement)

2021-31 LTP Year 2 work programme – “do-ability” overview

- Business Groups reviewed the “do-ability” their 2021-31 LTP Year 2 (2022/23) work programmes, identifying savings and re-phasing opportunities
- **The outcome of the exercise resulted in an overall cost-neutral budget**
- Savings were identified in some areas; however, these were offset with cost increases in other areas. Instances of CAPEX re-phasing were lower than expected
- The question of the “do-ability” of our 2022/23 CAPEX programme remains

2021-31 LTP Year 2 work programme – budget changes

Some examples of proposed budget changes that have contributed to budget neutrality:

Year 2 Budget Increases:	Year 2 Budget Decreases:
Environment and Flood Protection	
+ Pinehaven FMP (brought forward 12 months)	- Otaki FMP (deferred 12 months)
+ Bolstering science advice – freshwater and wetlands (new in Year 2)	- Ruamahanga Aerial Electromagnetic Survey (deferred 12 months)
Metlink Public Transport	
+ Rollout of National Ticketing Solution	- Expected cost reduction – RTI
+ Airport Bus Service + Public Transport On Demand Service	- Bus Service enhancements, timetable changes

2022/23 Annual Plan Work Programme

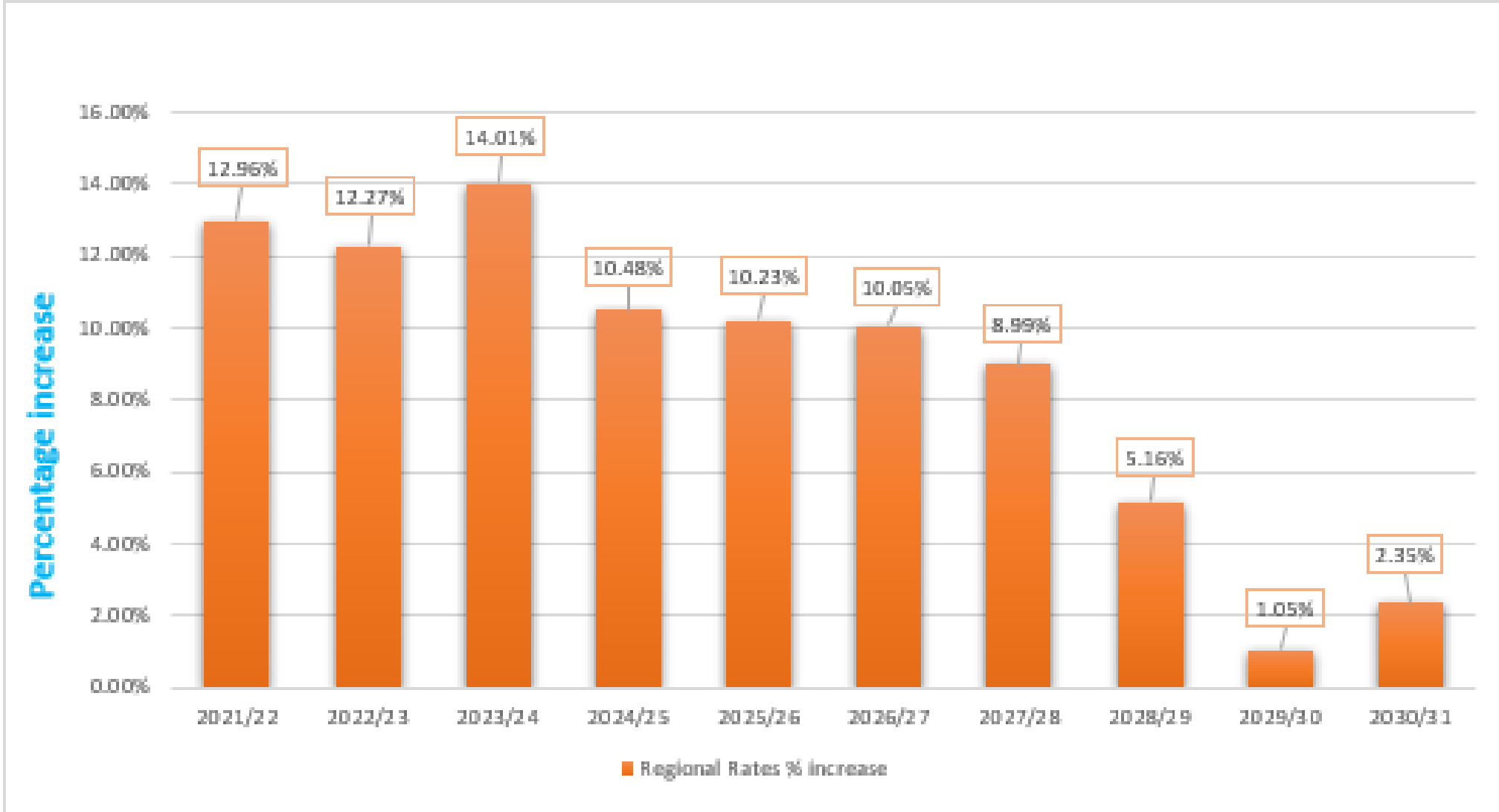
Major CAPEX Projects	22/23
Environment and Flood Protection	
Riverlink	\$24m
Water Supply	
Kaitoke Flume Seismic Upgrade	\$13.7m
Te Marua Water Treatment Plant upgrade	\$20.5m
Silverstream Pipebridge	\$30.6m
Metlink Public Transport	
National Ticketing Solution	\$4.5m
Asset management – Rolling stock, Buildings and Structures	\$16.1m
Real Time Information	\$5.2m
BAU Capex - Station & Bus Stop Renewals	\$6.0m

2022/23 AP Work Programme

Major OPEX Projects	22/23
Environment and Flood Protection	
JFN: Wairarapa Moana, Fish Passage, Riparian Management Wairarapa Rivers	\$2.8m
Ruamāhanga Aerial Survey (delayed in 21/22)	\$1.5m
Metlink Public Transport	
Electric Vehicle Programme	\$9.1m
National Ticketing Solutions	\$12.6m

2022/23 Draft Budget

Rates % increase 2021-31 LTP



Notable changes to the 2021-31 LTP year two and considered in last workshop

Description	Funding	Debt \$'000s	Rates Impact \$'000s	Rates Impact %	Rates Change
2021-31 LTP					12.27%
Reduced Starting Debt	Debt	-60,000	-5,324	-3.35%	
Increased Debt Servicing Charges	Rates		2,451	1.54%	
Water Overhead Reduction	Rates		500	0.31%	
Personnel Cost Increase 2% to 3% **	Rates		640	0.40%	
Farebox Revenue Reduction (COVID-19)	Debt	7,350	132	0.07%	
RiverLink	Debt	0	0	n/a	
Operating Expenditure increases	Rates		3,019	<u>1.90%</u>	
Proposed 2022/23 Annual Plan Rates Changes Impact			1,418	0.87%	13.14%

Notable changes to the 2021-31 LTP Year Two

Description	Funding	Debt \$'000s	Rates Impact \$'000s	Rates Impact %	Rates Change
Proposed 2022/23 Annual Plan Rates Changes Impact from December 9 workshop					13.14%
Rates Remission	Rates		30	0.02%	
3 Waters Reform	Rates		150	0.09%	
Stadium Grant	Debt	1,500,000	24	0.02%	
Proposed 2022/23 Annual Plan Rates Changes Impact			204	0.13%	13.27%

2021-31 LTP and Proposed 2022/23 Annual Plan



Estimated Rates Profile

	Rates Percentage Increase									
	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
2021-31 LTP Regional Rates % Increase	12.96%	12.27%	14.01%	10.48%	10.23%	10.05%	8.99%	5.16%	1.05%	2.35%
Proposed 2022/23 Annual Plan Regional Rates % Increase	12.96%	13.27%	15.85%	13.42%	14.21%	14.16%	12.79%	8.67%	4.42%	5.74%

Summary

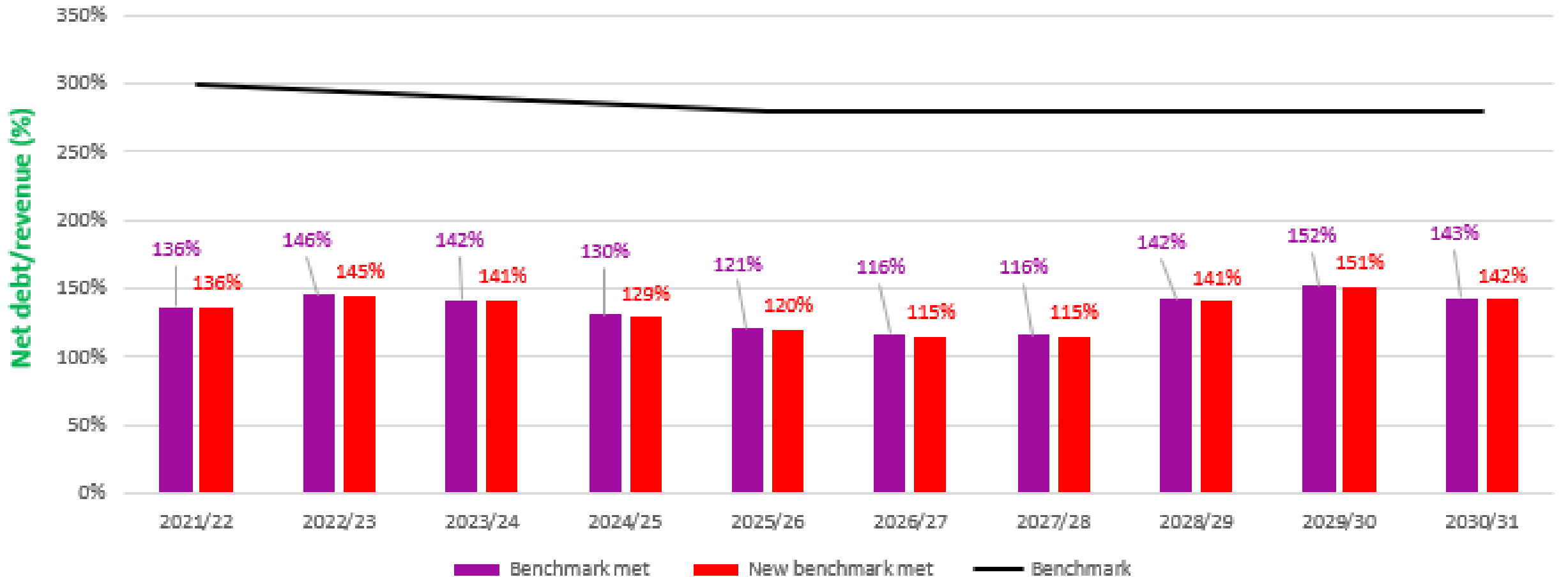
- Highest » 15.85% Year 3
- Average » 14.03% over first triennium
- Trend » downward sloping profile

LTP Financial Tools Utilised

Tools	Description	21/22 Year 1 \$'000s	22/23 Year 2 \$'000s	23/24 Year 3 \$'000s	24/25 Year 4 \$'000s	25/26 Year 5 \$'000s
Debt Funding - OPEX	Public Transport Farebox revenue gap	-	7,350	-		
	Additional RiverLink funding			50,000	50,000	50,000
	Stadium Grant		1,500			

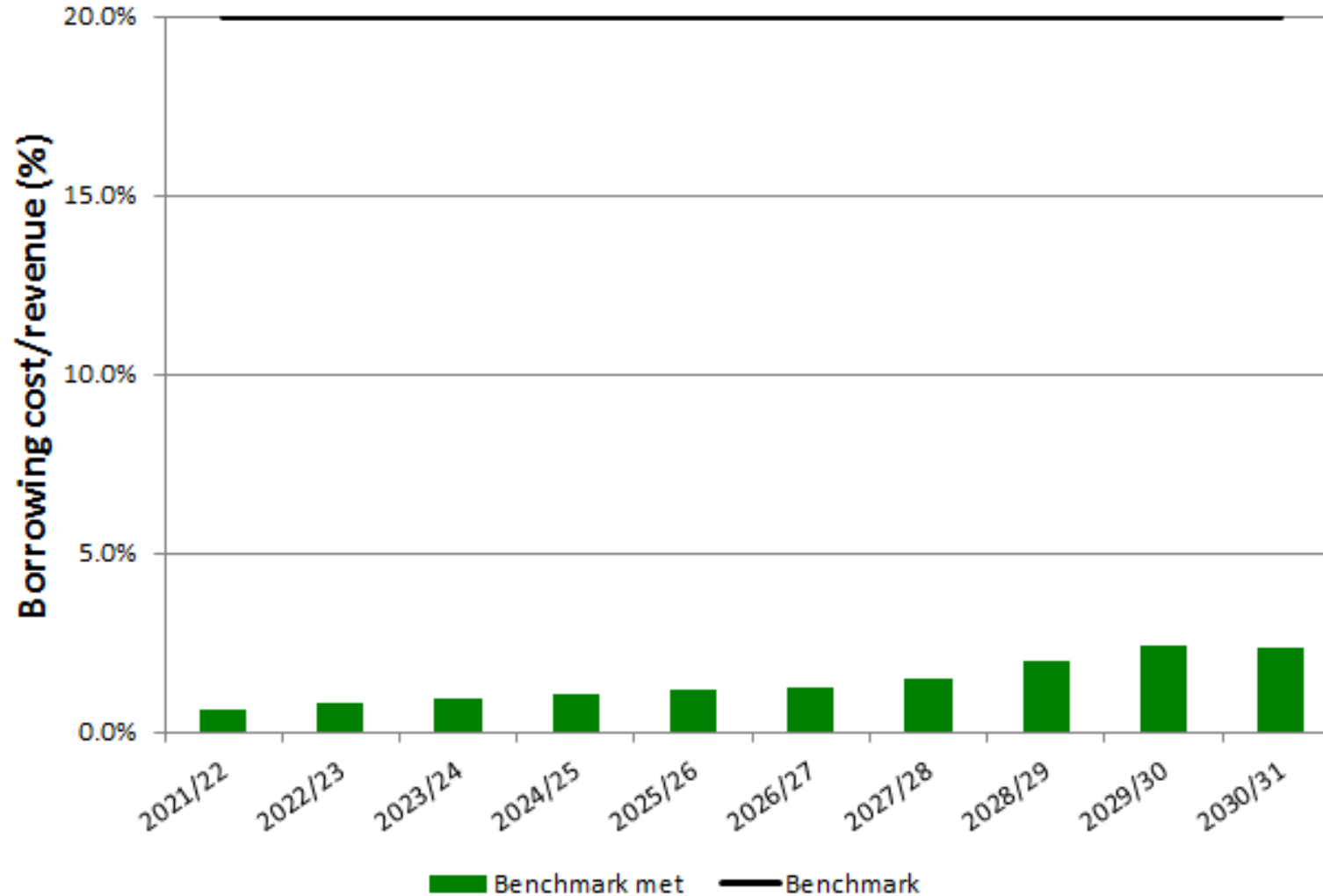
Debt Affordability Benchmarks LTP/AP

Debt Affordability Benchmark



Debt affordability benchmarks LTP cont...

Debt servicing benchmark

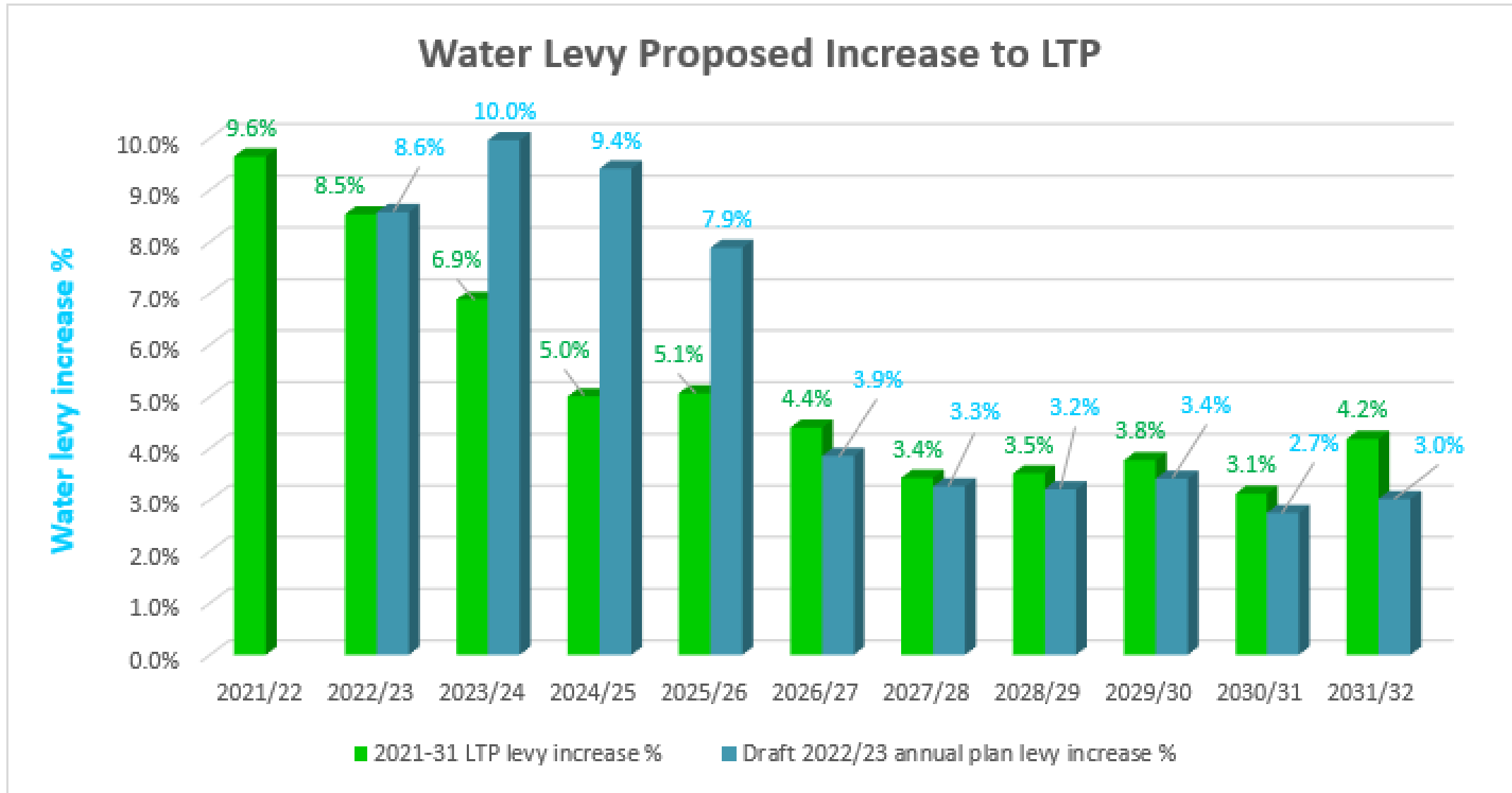


Questions for Councillors and other Business

- Do you agree with the proposed Rates increase of 13.27% (using Internal Reserves)?
- Ali to lead a brief discussion on the recommendation for the treatment on the **Three Waters** reform "better off" funding in the Annual Plan.

Water Levy Update

Proposed 2022/23 Annual Plan Water Levy Increase



Water Levy – Outline

Wellington Water recommends Greater Wellington invests in the following key investment priorities:

Fund an average increase \$2.1M for OPEX for each of the three-year supporting a step change increase in operational costs to look after existing infrastructure (and noting stimulus funding provides uplift in years 1 & 2)

Plus an Annual Plan change to include;

additional **OPEX average increase of \$0. 28m** across years 2,3 & 4 to increase maintenance budget

Fund \$167m CAPEX over 10 years for renewals to look after existing infrastructure.

Plus an Annual Plan change to include;

additional **CAPEX of \$37.0m** across years 2, 3 & 4 for the Kaitoke Flume Bridge,
additional **CAPEX of \$51.7m** across years 2, 3 & 4 for the Silverstream Pipe Bridge.

Include CAPEX funding of \$13m over 10 years to extend the bulk water network. Phasing is linked with city council growth planning.

Fund \$61m CAPEX over 10 years in activities that Reduce Water Consumption including;
\$37M to increase Capacity at Te Marua WTP.

Plus an Annual Plan change to include;

additional **CAPEX of \$17.3m** across years 2, 3 & 4 for the Te Marua WTP Capacity Upgrade.

Fund \$150-\$250K OPEX for carbon assessments

Fund the following in the first 5 years;
\$4.4M for Waterloo WTP Ground Improvements,
\$2.3M for Te Marua WTP Clarifier Seismic strengthening.

2022/23 Annual Plan Public Engagement

- We will carry out a public engagement prior to the finalisation and adoption of the Annual Plan
- **Our public engagement period will be late March – late April 2022**
 - at the same time as the Revenue & Finance Policy and the Rates Remission Policy (Māori Freehold land) consultations are being undertaken
- We will prepare two main pieces of collateral to support the public engagement campaign:
 - I. Annual Plan Public Engagement “2-pager”*** – to provide a high-level view of key messages related to our 2022/23 Annual Plan, and other front of mind issues.
 - II. Annual Plan Regional Factsheets*** – to provide a high-level view of significant projects/programmes that are planned for each area of our region for 2022/23.
- **Our public engagement will be primarily digitally-focused, utilising our owned channels (website and social media) and earned channels (media releases).**
- **An FAQ document will be available to Councillors and the Contact Centre when the public engagement period launches.**

Annual Plan 2022/23 Public Engagement “2-pager”

Public Engagement “2-pager” – key messages

- **Significant LTP project/programme deliverables for 2022/23.**
- **The projects/programmes that have changed since adoption of our 2021-31 LTP:**
 - RiverLink Project cost increase (indicative figure)
 - Bulk Water Supply network improvement project cost increases; Silverstream Pipe Bridge and Kaitoke Flume Bridge (funded by Water levy).
 - Greater Wellington’s position on the Three Waters Reform (short statement).
- **Challenges we are keeping an eye on:**
 - our CAPEX delivery (raising project costs and supply chain challenges)
 - Public Transport farebox revenue (due to a decrease in patronage)
- **Opportunities we are thinking about for our next LTP (2024-2034):**
 - Stadium funding and future support
 - LGWM future funding changers as project details confirmed.
- **How we are acknowledging community feedback.**

Annual Plan 2022/23 Factsheets by region

Factsheets – key messages

- One for each of our five parts of the region (Wellington City, Porirua, Kāpiti, Hutt Valley, Wairarapa)
- Snapshot of significant programmes or projects planned for the upcoming 2022/23 year
- Rates breakdown table for each region

Mahere-ā-Tau 2020/21 Annual Plan 2020/21



WHAT GREATER WELLINGTON DOES IN OUR REGION

Greater Wellington has a role as an environmental protection organisation for our region. Greater Wellington has another role as the owner of Metlink, the organisation that delivers public transport across the region.

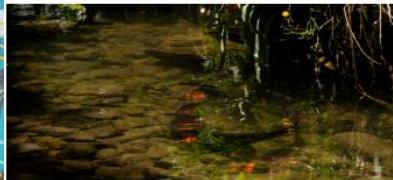
Now, these might seem like incompatible roles but that's not necessarily the case.

More people using public transport, means fewer cars on the road, means less pollution and a cleaner environment.

Further down, you'll find more information about what Greater Wellington does across the region.



WHAT GREATER WELLINGTON IS DOING IN WELLINGTON CITY



Completing the Te Whanganui-a-Tara Whaitua Implementation Programme. This programme is made up of a group of local people who are tasked with finding ways to improve the quality of our streams, rivers and harbour.



Progressing pest-free status for parts of Wellington City. Miramar is close to being predator free; we're working to extend this status across wider Wellington.



Delivering early works and completing the indicative business case for the large components of the Let's Get Wellington Moving programme, including Mass Transit.



Developing and partially implementing 'next stop announcements' for buses passengers in Wellington city.

How did we calculate your 2020/21 rates?

After reviewing our work programme and budgets for 2020/21 in light of the current COVID-19 pandemic, Council adopted an average rates increase of three percent, across the region.

This equates to approximately an average of \$0.21 (incl. GST) and \$1.18 (excl. GST) increase per week for the residential and business ratepayer respectively and an average decrease of \$0.18 (excl. GST) for the rural ratepayer region-wide.

Your individual rate demand may differ from the figures above as they are an average across the whole region. Each area within the region has a different set of inputs on which your rates are calculated. What this means is that your rates bill is likely to differ from that of your neighbour's and your neighbouring areas. For a more personalised estimate of your 2020/21 rates please check out our rates calculator at rates.gw.govt.nz

What do your rates pay for?



10%

Regional Leadership



52%

Public Transport



21%

Environment



13%

Flood Protection and Control Works



4%

Regional Parks and Forests

Revenue and Financing Policy & Rates Remission Policy

- **Proposed changes to the Revenue and Financing policy do not impact the Annual Plan Budget or Total Rates Revenue for 2022/23.**
 - However, the proportion of Targeted vs General Rates that ratepayers will see on their rates bill will change.
- **Proposed changes to the Rates Remission policy on Māori Freehold land will have minimal impact on the Annual Plan Budget for 2022/23.**
 - The Annual Plan Budget has made a provision of \$30,000 for the anticipated cost of anything remission applications made under this policy during 2022/23.

Questions/actions for Councillor decision?

- Do you support the 2022/23 Annual Plan Public Engagement approach?
- Do you support the *key messages* in our Public Engagement?

Next Steps – 2022/23 Annual Plan Key Deliverables

