

15 August 2023

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Kia ora Chris

### **Total Interest Cost to Ratepayers**

Thank you for your request made under the Local Government Official Information and Meetings Act 1987 (the Act), received on 21 July.

Wellington City Council has **granted** your request for information.

**1. What are the current interest rates, when do they mature, and what are the interest cost forecast to be in the years 2023, 2024, 2025 & 2026?**

Current interest rates available on new debt range between 5.75% and 6.5% depending on the required term (including margin and base rates of interest) – This has moved significantly higher in recent years as the Reserve Bank of New Zealand (RBNZ) has lifted the official cash rate.

Council has a staggered maturity profile of existing debt tranches. Current tranches of debt mature between 2024 and 2033.

Significant forecasting assumptions relating to Interest expense will be updated through the new Long Term Plan which will be adopted by June next year. Current forecasts for those periods are available in the previous version of this document on page 18 of the Annual plan [Mahere ā-Tau Annual Plan 2023/24](#) that was adopted in June. A good section to read alongside the forecasts is the Significant Reporting Assumptions, as this provides insight into how we land these forecasts. These can be found in Volume 2 of the long term plan: [Our 10-Year Plan - Volume two \(wellington.govt.nz\)](#) starting at page 4. The assumptions specifically referring to interest are on page 11 where you can also find the assumed interest rate forecast used for the 21/31 long term plan.

**2. So as long as WCC keeps raising rates - you can keep getting funding? For example, the debt is 280% of what the total revenue was only a few years ago. But because Wellington has raised rates, seemingly you can get more funding because revenue has increased.**

Correct. This covenant is tested against revenue so as revenue increases, so too does Council's capacity to access debt.

3. Please provide the last 10 years' amount of money WCC has paid down on the principal debt. When is Wellington City Council forecasting that they will begin paying down any principal amounts?

Please refer to our Long Term Plan [Our 10-Year Plan - Volume two \(wellington.govt.nz\)](https://www.wellington.govt.nz) Page 23 onwards will provide detail relating to this question.

#### **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](https://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

Amber Smith  
**Senior Advisor Official Information**