

MAKING GREATER WELLINGTON GREATER

PRE-ELECTION REPORT



greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

**INFORMATION FOR VOTERS
AND POTENTIAL CANDIDATES
IN THE 2016 LOCAL BODY ELECTIONS**



Rob Sulistat - www.naturespic.com

“ WE INVEST,
WE COLLABORATE,
AND WE GET THINGS DONE ”



We all know it: Wellington region is a great place to live, work, play and do business. Our job is to make this great region even greater.

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

This Pre-Election Report gives voters and candidates a snapshot of Greater Wellington's work and finances. Along with showing how we've performed over the last three years, it sets out the issues facing our region and how we plan to tackle them.

You'll see that we're active in lots of areas, but it all boils down to the same purpose: making this great region even greater. We invest, we collaborate, and we get things done.

One significant issue is climate change. To be a world-class business destination, we must invest in infrastructure that can withstand the impact of extreme weather events. To keep families, businesses and property safe, we need to continue expanding our flood protection network along our rivers. In short, we must invest in regional resilience.

Water quality and supply is a global issue that affects us all. We work collaboratively with iwi, with industry and farmers, with households and with other local government agencies to protect and enhance the water quality in our rivers and beaches. Our long-term

planning takes into account our region's future needs for water, how and where we'll store it, and how we'll make sure there's enough for everyone.

A sustainable transport network with the right mix of cars, cyclists, pedestrians and world-class public transport is essential to a livable and prosperous region that attracts business and workers. We're investing in hybrid and electric buses, increasing the bus network, and modernising our train fleet.

Everyone who lives here is rightly proud of our stunning natural environment. Our work to protect and enhance this environment involves many partners, including the invaluable volunteers who join us for planting and restoration projects. Wetland protection, biodiversity, land management, and pest control are all part of the picture. Our Regional Parks are free for everyone to explore our history and flora and fauna.

At Greater Wellington, we deal with the issues that impact people's lives every day. We care. We're a strongly committed team of Councillors, leaders and staff. Make a stand. Nominate yourself or someone you know at Makeastand.co.nz

Greg Campbell
Chief Executive





INTRODUCTION

This 2016 pre-election report aims to give you a good sense of Greater Wellington's finances and activities in recent years, and those we have planned for the years ahead.

Section 1 Current issues

An environment of challenge and change summarises the current issues we're facing, and forthcoming changes that may affect how we work.

Section 2 Major projects

Our major projects sets out the big projects we're investing in to develop Wellington region as a first-choice destination for business and families.

Section 3 Financial information

Our financial strategy sets out our strategy, financial position and summarises our current and forecast financial situation.

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

- information for 2014/15 comes from existing, audited documents such as our Annual Reports.
- information for 2015/16 is estimated and unaudited. When our Annual Report 2015/16 is finalised and published, the audited information may have some variances.
- information for 2016/17-2019/20 comes from our Long-Term Plan 2015-25, and from our 2016/17 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

AT A GLANCE

Greater Wellington's primary focus for the next three years is on continuing to develop our region as a resilient, beautiful, opportunity-rich place to live and do business.

Our 10 Year Plan 2015 to 2025 sets out our priorities. Each one is vital for our region's economic development and continued quality of life.

Ensuring a resilient region by investing in critical regional infrastructure, including for bulk drinking water, flood protection, and public transport

Providing fast, efficient, environmentally friendly commuting by increasing the use of low-emissions public transport and encouraging walking and cycling

Making sure our region can cope during and after emergencies by providing flood protection along our rivers and ensuring the region's bulk water supply can continue after an emergency

Protecting and restoring our beautiful environment by providing guidance and support to improve water and air quality, promote low-impact land use, and reduce pest plants and animals.

Providing Regional Leadership by working collaboratively with other councils, engaging with government agencies, and partnering with mana whenua to build co-management arrangements.

We have significant programmes planned in all these areas – our Long Term Plan gives you more detail. Much of this work involves considerable investment, and we're in a strong financial position with an AA credit rating. We have solid cash reserves and we borrow prudently, while managing demands on our ratepayers.



AN ENVIRONMENT OF CHALLENGE AND CHANGE

When we published our Long-Term Plan in 2015, we identified the significant challenges that the Wellington region must address for current and future generations. These include:

- the need to manage demand for water and soil resources in the face of climate change
- our environment's and infrastructure's vulnerability to natural hazards like earthquakes and floods
- an ageing population right across the region, with communities growing (or declining) at different rates
- economic growth not keeping pace with the rest of New Zealand
- the need to transform our transport system, with new roads, trains, cycle lanes, and bus routes needing significant planning and investment.

These environmental, demographic, economic and infrastructure issues guided our decisions around the significant projects we'll undertake to future proof our region. These are outlined in the next section.

Recent changes to our operating environment will also influence the way that we work and will guide some of our future decisions.

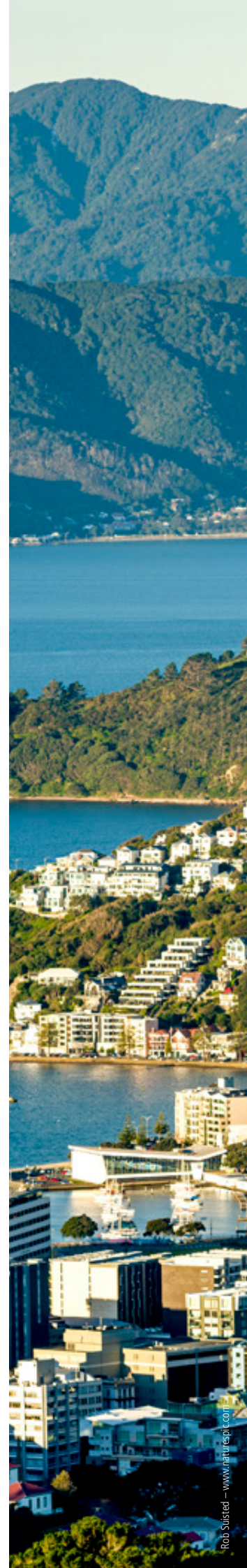
Late last year, the decision was made to not proceed with local body amalgamation in the Wellington region at this stage, but to explore opportunities for stronger collaboration among local authorities.

We're now working closely with the Local Government Commission and the city and district councils on three major workstreams: transport, spatial planning, and governance in the Wairarapa. Public consultation on these is planned for mid-2016, and might result in changes to our responsibilities and activities.

An amendment to the Local Government Act 2002 has recently been introduced to Parliament that would provide new models for local government reorganisation, the transfer of functions, and changes to the governance of council controlled organisations. This Bill may result in further changes to governance in the region.

Changes to resource management legislation are underway that could have a major impact on our resource management planning and consenting processes. The proposed National Policy Statement on Urban Development Capacity would require new skills and systems.

Central government is also planning more reforms to freshwater management. Again, these may result in changes to how we plan for and consent to land use activities and water takes and discharges.



OUR MAJOR PROJECTS

Greater Wellington has clear priorities for the three financial years following the 2016 elections. Our investments and collaborative projects will ensure a resilient infrastructure, environment and economy, and give people confidence that this is a great place to live and do business.

GETTING YOU WHERE YOU NEED TO BE

Fast, efficient, and affordable public transport is essential to a world-class region like ours. We will transform our transport network so everyone across the region can travel safely, reliably and affordably.

Projects include a rapid bus spine through Wellington City; integrated fares and ticketing for rail, ferry and bus; railway carriage refurbishments and station upgrades. TransDev Wellington, our new rail operator, is signalling big service improvements, and we intend to introduce a new bus network in Wellington City when new service contracts begin in 2018.

Underpinning this ambitious programme is an equally ambitious goal: to promote and move to a future powered by clean fuel through migrating to all-electric buses and an all-electric GWRC vehicle fleet.

PROTECTING PEOPLE AND PROPERTY FROM FLOODS

Recent flood events in the Wellington region, across New Zealand, and in other parts of the world have reinforced the absolute necessity of excellent flood protection infrastructure and planning. Different parts of the region have different requirements, so we'll develop Flood Management Plans for specific areas like Waiwhetu and Upper Ruamahanga.

We'll proceed with the Hutt River City Centre Project, which has strong project links with the Hutt City Making Places programme, and build the Greytown stopbank that's part of the Waiohine Flood Management Plan.

RESTORING AND ENHANCING OUR NATURAL ENVIRONMENT

Once final decisions have been made on our proposed Natural Resources Plan, we'll make the plan operative and continue to support the five Whaitua, collaborative catchment committees, for each catchment in the Plan.

We'll run collaborative modelling projects to help the Whaitua committees make good decisions about freshwater and landuse options, and implement new wetlands and stock access programmes for landowners. We'll complete the modelling and analysis of the Wairarapa Water Use Project, and create a new visitor hub at Queen Elizabeth Park.

PROVIDING WATER FOR EVERYDAY AND EMERGENCY NEEDS

We are all equal partners with Hutt, Porirua and Wellington City Councils in Wellington Water Limited, which manages water supply, wastewater and stormwater on our behalf. We plan to construct a pipeline across Wellington Harbour, replace the Wainuiomata pipeline, and investigate an emergency reservoir to supply water to Porirua and Wellington City. These projects will greatly increase the safety of our water supply in the event of a major event like an earthquake.

Replacing the Waterloo wells, replacing the Wainuiomata pipeline, and improving the Kaitoke pipeline will extend the economic life of all these assets and continue to ensure reliable daily water supply.

The following table sets out this work in more detail. It's not our full work programme by any means; the Long Term Plan 2015-2025 and Annual Plan 2016/17 contain more information.



Major Projects Planned for the Three Financial Years Following the 2016 Election	2017/18 (\$ 000)	2018/19 (\$ 000)	2019/20 (\$ 000)	Total Cost of Project ¹
TRANSPORT				
Bus Services Transformation				
New bus service contracts will begin in 2018, and a new bus network will be introduced in Wellington City.	\$1m			\$8.3m
Integrated Fares and Ticketing				
An integrated electronic ticket is being developed for all bus, rail and ferry services to enhance the customer experience and enable implementation of the fares policies in the Regional Public Transport Plan 2014.	\$15.1m	\$25.5m	\$25.6m	\$85.5m
Carriage refurbishments				
The carriages used for Wairarapa train services are due for refurbishment to extend their working life.	\$4.7m	\$4.8m	\$2.0m	\$13.6m
Trolley bus retirement				
When trolley bus services end in 2017 we will work with Wellington City Council and Wellington Cable Car Limited to remove the network of overhead wires.	\$8.4m			\$8.4m
Railway Station upgrades				
Some of our railway stations need to be upgraded to cope with increasing numbers of customers.	\$1.5m	\$1.5m		\$3.0m
Rapid bus spine				
A rapid bus spine is being planned for Wellington City - from the railway station to Newtown and Kilbirnie.	\$0.5m			\$1m
ENVIRONMENT				
Flood plain management plans				
Flood plain management plans (FMP) will be developed for the Upper Ruamahanga, Lower Wairarapa Valley, and Waiwhetu.	\$0.7m	\$1.6m	\$0.7m	\$7.5m
Hutt River City Centre Project				
Implementing the Hutt River FMP includes widening the Hutt River, building new stopbanks and purchasing river-side property. The project links with the Hutt City Making Places programme and the NZTA upgrade of the Melling Interchange.	\$4.9m	\$5.0m	\$5.1m	\$80m
Greytown stopbank				
The draft Waiohine FMP proposes a new stopbank to protect the Greytown community, improvements to drainage, and tighter planning controls in the Combined Wairarapa District Plan.	\$3.0m	\$3.6m	\$3.1m	\$11m
Proposed Natural Resources Plan				
The next steps for the proposed Natural Resources Plan are hearings, decisions, and being made operative. There will also be subsequent plan changes from the five Whaitua Implementation Programmes.	\$1.6m	\$1.6m	\$1.7m	\$20m
Collaborative modelling projects				
The collaborative modelling projects will provide a robust, consistent and replicable framework to test the future freshwater and land use management options at catchment/sub-catchment scale. This will support the Whaitua committees in their decision-making when developing their Whaitua Implementation Programme.	\$0.7m	\$2m	\$1m	\$7m
Wetlands and stock access				
This project implements two methods in the proposed Natural Resources Plan to improve water quality in targeted waterways and to protect and restore wetlands.	\$0.6m	\$0.6m	\$0.6m	\$6m
Queen Elizabeth Park entrance				
A new visitor hub including a meeting room and ranger offices will provide improved multi-modal access, and interpretation of Queen Elizabeth Park's features and history.	\$1m	\$0m	\$0m	\$2m
CORPORATE SERVICES				
Finance system				
GWRC's finance, human resources and asset-management system is being replaced.	\$1m			\$3m

Major Projects Planned for the Three Financial Years Following the 2016 Election	2017/18 (\$ 000)	2018/19 (\$ 000)	2019/20 (\$ 000)	Total Cost of Project ¹
WATER SUPPLY				
Cross Harbour Pipeline				
Construction of a pipeline across Wellington Harbour is proposed to improve the resilience of the bulk supply network in the event of a Wellington Fault earthquake.	\$9.2m	\$26m	\$26.5m	\$94.2m
Kaitoke pipeline				
The pipeline on Silverstream bridge needs to be replaced and the resilience of the Kaitoke pipeline improved.	\$4.2m	\$2.1m	\$6.4m	\$39.3m
Waterloo wells				
Investigations and replacement of the Waterloo wells are required over the next 20 years to extend their economic life.	\$1.4m	\$0.1m	\$0.1m	\$4.2m
Wainuiomata pipeline				
The 130 years old cast iron pipe through Wainuiomata needs replacing as it is expected to suffer a lot of damage in a major earthquake. Replacing it with a steel pipe will improve its resilience and extend its life for another 100 years.	\$6.5m	\$6.6m	\$0m	\$13.1m
Takapu Storage Lake				
An emergency water storage reservoir to supply water to Porirua and Wellington is being investigated.	\$0m	\$3.1m	\$3.2m	\$21.5m

¹ Spending over the 3 years may not necessarily add to the total cost of the project for a number of reasons including: spending in previous years; budget required beyond 2019/20; co-funding from other agencies



OUR FINANCIAL STRATEGY

Greater Wellington's financial strategy is simple: provide high-quality, affordable infrastructure and services to our region, while keeping debt manageable and rates increases as low as possible.

Our full financial strategy, set out in our Long-Term Plan 2015-25, includes financial limits we've imposed on ourselves, such as a limit on how much debt we can carry at any one time.

This helps to ensure that debt stays low with affordable interest and that rates are set at the right level.

We have cash investments to make sure funds are available in an emergency, and significant self-insurance reserves, meaning we put aside our own cash for insurance. This is more cost effective than buying insurance from a provider – many schools use the same system.

As the majority shareholders of Centreport, we and our ratepayers benefit from the ongoing increase in the value of this investment, and an acceptable level of cash return.

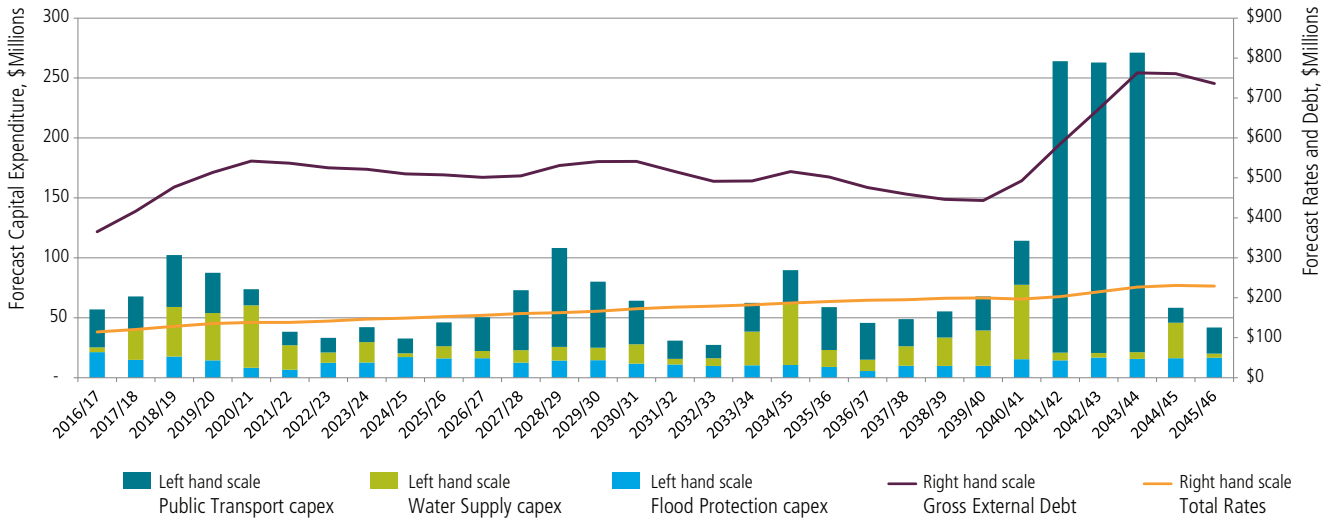
While our financial strategy is conservative, there are times that we need to borrow for significant capital costs. Our debt levels are likely to increase in the next few years due to our extensive work on public transport, flood protection, and water supply.

When we do borrow for major projects such as these, we spread the repayments over a number of years. This ensures fairness across the generations who will benefit from the projects, and helps avoid sudden, steep rate increases.

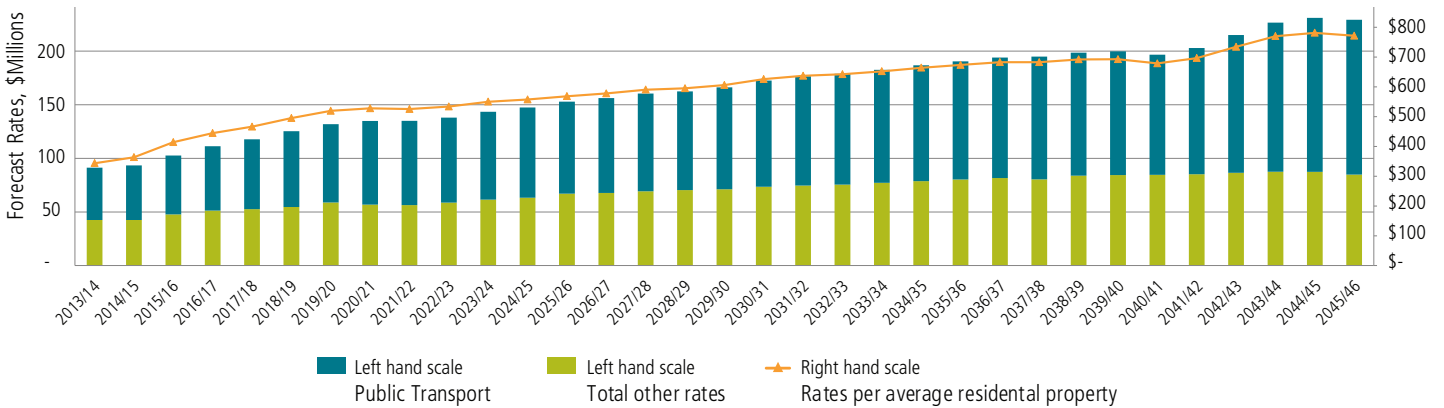
- Our financial strategy is prudent and conservative
- Our financial position is strong
- Our credit rating is AA
- Our infrastructure assets are valued at more than \$839 million
- Our cash investments, self-insurance reserves and shareholding in Centreport give us reserves for emergency needs and lower the overall impact of debt

The graph below shows a 30 year horizon of forecast capital spending, the likely debt levels and the rates revenue required to service this. It is this programme of capital projects that primarily drives rates increases.

FORECAST CAPITAL EXPENDITURE, EXTERNAL DEBT, AND RATES FOR THE NEXT 30 YEARS



RATES ARE FORECAST TO INCREASE AT A MODEST RATE. THIS IS DRIVEN BY A PRUDENT FINANCIAL STRATEGY TO ENSURE RATES ARE AFFORDABLE.

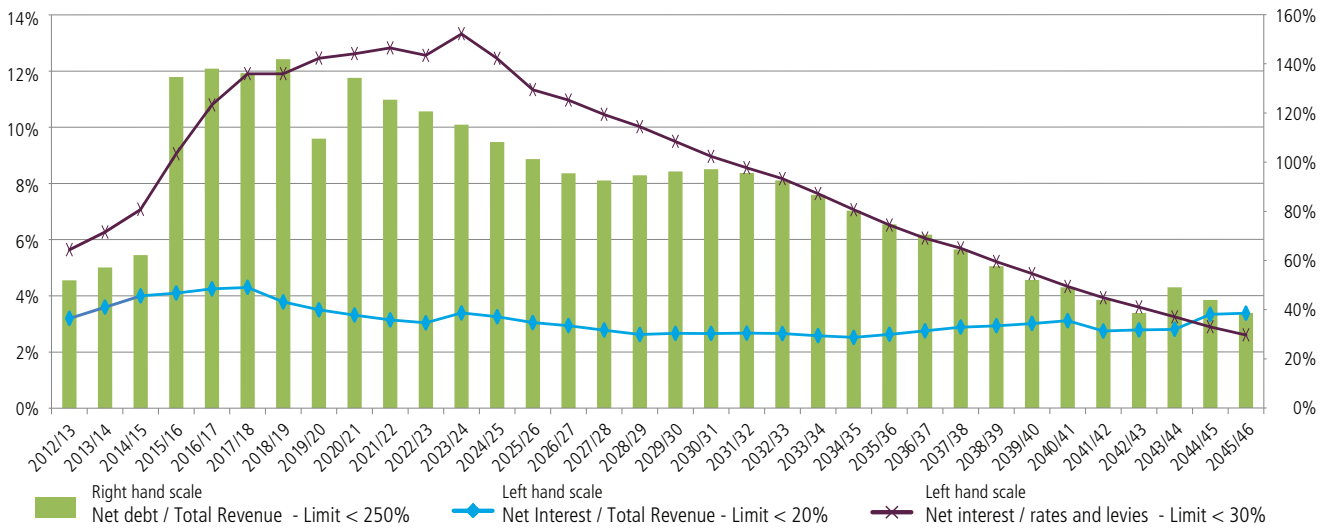


Greater Wellington's financial strategy is simple: provide high-quality, affordable infrastructure and services to our region, while keeping debt manageable and rates increases as low as possible.

GWRC has fully complied with the limits of the Financial Strategy contained within the Long Term Plan 2015-2025.

The graph below shows the forecast ratios compared to financial limits over the next 30 years. With the forecast level of expenditure GWRC remains comfortably within its prudent financial limits.

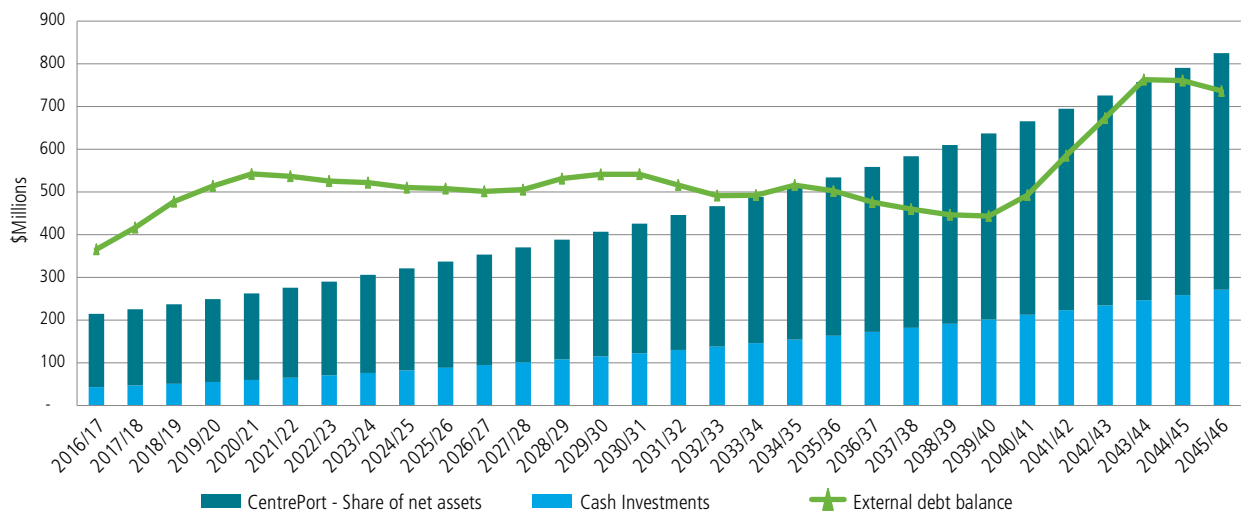
FINANCIAL STRATEGY LIMITS



GWRC holds a number of cash investments to ensure funds are available in case of emergency, and holds significant self-insurance reserves, that help to reduce insurance cost. GWRC is also the majority shareholder of CentrePort, which provides an acceptable level of cash return plus an on-going increase in the value of the investment.

This graph shows GWRC's external debt compared to cash investments and the net assets of CentrePort over the same 30 year time frame. Investments lower the overall impact of the debt.

INVESTMENTS AND EXTERNAL DEBT



PROSPECTIVE FUNDING IMPACT STATEMENT

For Greater Wellington Regional Council – For the year ending 30 June

	2013/14 Actual \$000s	2014/15 Actual \$000s	2015/16 Draft \$000s	2016/17 Annual Plan \$000s	2017/18 Estimate \$000s	2018/19 Estimate \$000s	2019/20 Estimate \$000s	2017/18 LTP \$000s	2018/19 LTP \$000s	2019/20 LTP \$000s
Sources of operating funding										
General rate	29,629	32,724	36,935	39,504	41,241	43,897	48,234	45,864	47,168	48,100
Targeted rates	64,520	67,320	72,184	77,960	81,974	87,917	91,119	86,294	92,397	99,392
Subsidies and grants for operating purposes	59,865	60,274	78,107	83,386	86,584	82,174	80,420	82,039	76,837	76,274
Fees, charges, and targeted rates for water supply	6,769	8,266	6,396	50,850	61,677	102,126	106,615	101,757	107,129	112,706
Interest and dividends	4,571	2,693	8,445	6,037	6,421	6,317	6,453	7,089	7,590	8,013
Fines, infringement fees, and other receipts ¹	48,952	41,448	37,076	38,291	42,932	48,112	52,205	48,575	51,839	56,172
Total operating funding	214,306	212,725	239,144	296,028	320,829	370,543	385,046	371,618	382,960	400,657

Applications of operating funding										
Payments to staff and suppliers	187,762	190,357	204,587	262,659	273,490	308,294	316,672	311,404	312,717	332,196
Finance costs	9,424	10,248	12,397	16,534	21,009	21,735	23,199	26,903	29,259	30,887
Other Operating Funding Applications	-	-	-	-	-	-	-	-	-	0
Total applications of operating funding	197,186	200,605	216,984	279,193	294,499	330,029	339,871	338,307	341,976	363,083
Surplus/(deficit) of operating funding	17,120	12,120	22,160	16,835	26,330	40,514	45,175	33,311	40,984	37,574

Sources of capital funding										
Subsidies and grants for capital expenditure	4,152	9,872	8,228	2,018	7,559	15,804	12,481	10,239	6,432	1,088
Increase / (decrease) in debt	35,019	40,386	90,914	45,471	46,535	61,557	36,733	52,792	49,966	30,955
Gross proceeds from asset sales	1,880	1,712	331	567	265	370	388	293	405	401
Total sources of capital funding	41,051	51,970	99,473	48,056	54,359	77,731	49,602	63,324	56,803	32,444

Applications of capital funding										
- to meet additional demand	5,694	1,154	6,274	50	102	1,247	-	-	-	-
- to improve the level of service	8,418	16,172	10,541	26,415	44,113	72,227	62,211	56,750	65,961	50,744
- to replace existing assets	10,967	5,007	8,282	14,603	22,372	26,505	20,958	17,610	10,726	8,670
Increase / (decrease) in investments	31,987	40,702	100,034	33,840	18,590	17,468	11,221	23,676	20,776	10,166
Increase / (decrease) in reserves	1,105	1,055	(3,499)	(10,017)	(4,488)	798	387	(1,401)	324	438
Total applications of capital funding	58,171	64,090	121,632	64,891	80,689	118,245	94,777	96,635	97,787	70,018
Surplus/(deficit) of funding			0							(1)

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

Depreciation	18,183	18,385	17,624	17,514	18,245	19,569	25,164	21,469	23,099	26,378
¹ Includes the Water Supply Levy	25,635	26,276	27,604	29,098	30,942	33,712	36,457	31,215	34,554	38,252

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

Greater Wellington Regional Council - as at 30 June

Assets	2013/14 Actual	2014/15 Actual	2015/16 Draft	2016/17 Annual Plan	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2017/18 LTP	2018/19 LTP	2019/20 LTP
Current assets	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Cash and cash equivalents	19,516	6,225	2,096	5,160	5,524	5,899	6,299	36,507	40,917	45,862
Investments (current)								-	-	-
Trade and other receivables	62,870	102,442	43,414	14,964	24,146	31,879	35,056	34,407	34,203	32,910
Assets available for sale	38,778									
Current Assets	121,164	108,667	45,510	20,124	29,670	37,778	41,355	70,914	75,120	78,772
Non-current assets										
Investments (non current)	29,090	28,275	27,549	80,507	102,853	106,826	111,616	61,217	62,148	63,126
Forestry investments								-	-	-
Investment in subsidiaries	96,845	120,285	231,215	272,902	286,456	299,376	308,706	394,119	412,661	420,030
Property, plant and equipment	864,596	867,051	867,326	916,141	977,676	1,130,460	1,189,306	988,426	1,113,606	1,147,243
Non-current assets	990,531	1,015,611	1,126,090	1,269,550	1,366,985	1,536,662	1,609,628	1,443,762	1,588,415	1,630,399
Total assets	1,111,695	1,124,278	1,171,600	1,289,674	1,396,655	1,574,440	1,650,983	1,514,676	1,663,535	1,709,171
Equity and liabilities										
Equity attributable to equity holders of the parent										
Retained Earnings	375,371	358,963	332,731	385,017	415,388	458,500	496,677	532,371	559,267	572,948
Reserves	502,922	504,896	500,041	503,554	529,122	602,994	604,968	521,994	594,315	595,753
Total Taxpayers Funds.	878,293	863,859	832,773	888,571	944,510	1,061,494	1,101,645	1,054,365	1,153,582	1,168,701
Current liabilities										
Debt (current)	74,796	24,288	59,521	112,500	90,100	57,700	85,400	21,254	21,254	21,253
other current liabilities	33,979	37,863	26,445	35,594	35,594	35,594	35,594	33,195	33,195	33,195
current liabilities	108,775	62,151	85,966	148,094	125,694	93,294	120,994	54,449	54,449	54,448
Non-current liabilities										
Debt (non current)	124,073	198,268	252,861	253,009	326,451	419,652	428,344	405,862	455,504	486,022
non current liabilities	124,627	198,268	252,861	253,009	326,451	419,652	428,344	405,862	455,504	486,022
Total liabilities	233,402	260,419	338,827	401,103	452,145	512,946	549,338	460,311	509,953	540,470
Total equity and liabilities	1,111,695	1,124,278	1,171,600	1,289,674	1,396,655	1,574,440	1,650,983	1,514,676	1,663,535	1,709,171

“KNOW ANYONE WITH OUTSTANDING IDEAS?”



“KNOW ANYONE WHO WILL MAKE A STAND FOR WHAT THEY BELIEVE?”



“KNOW ANYONE WHO’LL STAND THEIR GROUND ON AN ISSUE?”



“KNOW ANYONE WHO’LL STAND FOR THE FUTURE?”



MAKE A STAND – STAND FOR YOUR REGIONAL COUNCIL

The Greater Wellington Regional Council is in search of talented people – who are capable, vibrant, energetic and engaged, with a commitment to local people and a passion for change! If you know someone you feel will make a great regional council candidate or you wish to nominate yourself visit 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 the same purpose: making this great region even greater.

Our focus for the next three years is on continuing to develop our region as a resilient, beautiful, opportunity-rich place to live

and do business. To achieve this, we have significant programmes planned for public transport, flood protection, environmental enhancement, and water supply; all vital areas for economic development and quality of life. Our Pre-Election Report, available at: gw.govt.nz/candidate-information includes more information on our planned activities.

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

For more information and to nominate yourself or someone you know visit: MakeAStand.co.nz

MAKING **GREATER**
WELLINGTON GREATER

