

**Absolutely Positively
Wellington City Council**

Me Heke Ki Pōneke

Ordinary Meeting of Kōrau Tōtōpū | Long-term Plan, Finance, and Performance Committee Ngā Meneti | Minutes

9:30 am Rātū, 29 Whiringa ā-nuku 2024

9:30 am Tuesday, 29 October 2024

Ngake (16.09), Level 16, Tahiwī

113 The Terrace

Pōneke | Wellington



PRESENT

Mayor Whanau
Deputy Mayor Foon
Councillor Abdurahman
Councillor Apanowicz (Deputy Chair)
Councillor Brown
Councillor Calvert
Councillor Chung
Councillor Free
Pouiwi Hohaia
Pouiwi Kelly (via audiovisual link)
Councillor Matthews (Chair)
Councillor McNulty
Councillor O'Neill
Councillor Pannett
Councillor Randle
Councillor Rogers
Councillor Wi Neera (via audiovisual link)
Councillor Young

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1. Meeting Conduct

1.1 Karakia

The Chairperson declared the meeting (hui) open at 9:30am and read the following karakia to open the hui.

**Whakataka te hau ki te uru,
Whakataka te hau ki te tonga.
Kia mākinakina ki uta,
Kia mātaratara ki tai.
E hī ake ana te atākura.
He tio, he huka, he hauhū.
Tihei Mauri Ora!**

Cease oh winds of the west
and of the south
Let the bracing breezes flow,
over the land and the sea.
Let the red-tipped dawn come
with a sharpened edge, a touch of frost,
a promise of a glorious day

1.2 Apologies

Moved Councillor Matthews, seconded Councillor Rogers

Resolved

That the Kōrau Tōtōpū | Long-term Plan, Finance, and Performance Committee:

1. Accept the apologies received from Councillor Brown and Councillor Randle for lateness.

Carried

1.3 Conflict of Interest Declarations

No conflicts of interest were declared.

1.4 Confirmation of Minutes

Moved Councillor Matthews, seconded Councillor Free

Resolved

That the Kōrau Tōtōpū | Long-term Plan, Finance, and Performance Committee:

1. Approves the minutes of the Kōrau Tōtōpū | Long-term Plan, Finance, and Performance Committee Meeting held on 26 September 2024, having been circulated, that they be taken as read and confirmed as an accurate record of that meeting.

Carried

1.5 Items not on the Agenda

There were no items not on the agenda.

1.6 Public Participation

There were no public participation.

(Councillor Randle joined the hui at 9:33am.)

Secretarial note: In accordance with Standing Order 19.1, the chairperson accorded precedence to some items of business and announced that the agenda would be considered in the following order:

3. Committee Reports

3.1 Report of the Unaunahi Māhirahira | Audit and Risk Committee Meeting of 22 October 2024

2. General Business

2.1 Long-term Plan Amendment and 2025/26 Annual Plan Process

2.2 Local Water Done Well. Water Reform - Regional Joint Water Services Model and Evaluation Objectives

2.3 Decision register updates and upcoming reports

4. Public Excluded

4.1 CCO Board Appointments

4.2 Local Government Funding Agency Annual General Meeting voting

3. Committee Reports

3.1 Report of the Unaunahi Māhirahira | Audit and Risk Committee Meeting of 22 October 2024

Moved Councillor Apanowicz, seconded Councillor Pannett

Resolved

The Unaunahi Māhirahira | Audit and Risk Committee recommends that the Kōrau Tōtōpū | Long-term Plan, Finance and Performance Committee:

1. Recommend that Te Kaunihera Pōneke | Council:
 - a) Approve the Accounting Policies contained in the draft financial statements (Attachment 2) for adoption for the financial statements for the year ended 30 June 2024.
 - b) Approve the draft Financial Statements and Statements of Service Provision for Wellington City Council and Group within the draft Annual Report for the year ended 30 June 2024, subject to the resolution of any matters identified during the meeting and those arising from the annual audit from Audit New Zealand.
 - c) Approve the draft Annual Report for Wellington City Council and Group for the year ended 30 June 2024 (Attachment 1 and 2).
 - d) Delegate to the Chair and Deputy Chair of the Audit and Risk Committee the authority to deal with any significant issues arising after this meeting that are under the delegations of the Committee, ensuring they are appropriately addressed through discussions with Officers and liaison with other Committee members if necessary.
 - e) Delegate to the Chief Executive Officer the authority to make minor editorial changes that may arise as part of the finalising the 2023/24 Annual Report.

Carried

The hui adjourned at 9:46am and returned at 10:03am with all members present.
(Councillor Randle left the hui at 10:09am.)
(Councillor Randle joined the hui at 10:10am.)
(Councillor Young left the hui at 10:40am.)
(Councillor Young joined the hui at 10:47am.)

2. General Business

2.1 Long-term Plan Amendment and 2025/26 Annual Plan Process

Moved Councillor Matthews, seconded Councillor Apanowicz

Resolved

That the Kōrau Tōtōpū | Long-term Plan, Finance, and Performance Committee:

1. **Receive** the information.
2. **Note** that the driver for the LTP amendment is the **Council** decision of 10 October not to proceed with the sale of Wellington International Airport shares and establish a PIF, and the process, scope and focus of the work programme outlined in this paper has been integrated with the annual plan programme to achieve that.
3. **Note** that Council's Water Services Delivery Plan options and the impact of reduced NZTA funding will also be included in the 2025/26 Annual Plan / LTP amendment process as per the committee paper of 26 September.
4. **Note** that the 10 October Notice of Motion paper included a series of principles that will be used to develop options for the review of the capital programme, and these are outlined in the paper.
5. **Note** the principles are being used to develop options to reduce the capital works programme in the early years of the LTP including the impact of reduced National Land Transport Programme (NLTP) revenue.
6. **Agree** to delay the review of the rating base (Land value or Capital value) until after the 2024-34 LTP amendment. Recommendations following the review of the rating base will be used to inform the 2027-37 LTP.
7. **Agree that officers reinitiate work on a 'disaster resilience fund' and this work runs alongside the LTP amendment process, noting the purpose of the fund is to provide a form of self-insurance in the event of a disaster**
8. **Agree that a form of 'disaster resilience fund' is included in the LTP amendment as part of the options for consultation for amending the financial strategy**
9. **Agree that a key consideration of a 'disaster resilience fund' should be to minimise overheads and management costs**
10. **Agree that officers provide advice on high level options for a fund by December, including advice on:**
 - a. **fund structures and objectives and associated management costs**
 - b. **fund capitalisation (including advice on ground leases and carbon credit holdings)**
 - c. **how the fund might work alongside current insurance roadmap work.**

Carried

Attachments

- 1 2025-26 LTP Amendment and Annual Plan Presentation 29 October 2024

Secretarial note: The motion was moved with changes to recommendations in the officers' report, as marked in red. A division was called for, voting on which was as follows:

For:

Mayor Whanau, Councillor Abdurahman, Councillor Apanowicz, Councillor Brown, Councillor Calvert, Councillor Chung, Deputy Mayor Foon, Councillor Free, Pouwi Hohaia, Pouwi Kelly, Councillor Matthews, Councillor McNulty, Councillor O'Neill, Councillor Pannett, Councillor Randle, Councillor Rogers, Councillor Wi Neera, Councillor Young

Against:

Majority Vote: 18:0

Carried

Moved Councillor Calvert, seconded Councillor Abdurahman, the following amendment

Resolved

- Note** that the 10 October Notice of Motion paper included a series of principles **developed by officers** that will be used to develop options, **in conjunction with principles yet to be agreed by Council**, for the review of the capital programme, ~~and these are outlined in the paper.~~

Lost

The hui adjourned at 11:21am and returned at 11:29am with all members present.
(Deputy Mayor Foon left the hui at 11:32am.)
(Councillor Rogers left the hui at 11:32am.)
(Councillor Rogers joined the hui at 11:32am.)
(Deputy Mayor Foon joined the hui at 11:33am.)

2.2 Local Water Done Well. Water Reform - Regional Joint Water Services Model and Evaluation Objectives

Moved Mayor Whanau, seconded Councillor McNulty

Resolved

That the Kōrau Tōtōpū | Long-term Plan, Finance, and Performance Committee:

- Receive** the information.
Water Services Delivery Plan requirements
- Note** that council is required to submit a Water Services Delivery Plan to the Secretary for Local Government by 3 September 2025 and that this plan will be binding.
- Note** that the Local Government (Water Services Preliminary Arrangements) Act 2024 provides alternative decision making and consultation arrangements that Councils must use when considering the future water services delivery model

- 4) **Note** that under these arrangements Council must consider and consult on the (enhanced) status quo and the proposed or anticipated model, and may consider and consult on additional options if it chooses to.
- 5) **Note** that the option to establish a water services CCO would involve transferring the ownership of water assets to an independent water entity (in which WCC would have a shareholding interest).
- 6) **Note** that the consultation on the options to establish a new water services entity, will take place in conjunction with the broader 2025 LTP amendment activity.

Regional collaboration

- 7) **Note** that on 14 March 2024 Council agreed to adopt the non-binding MoU to jointly investigate a water service delivery plan with the other councils in the region.
- 8) **Note** the attached *Recommended regional approach to a joint Water Services Delivery Plan and delivery model report* ('the report') is the result of the work so far on this joint regional option.
- 9) **Agree** to continue with the regional process to develop a joint regional option for a water services CCO.
- 10) **Note** in line with DIA guidance, Officers will prepare a draft local WSDP, in addition to contributing to the draft joint regional WSDP.

Water Services Delivery Model – requirements, objectives, and principles

- 11) **Note** the proposed requirements and objectives for the evaluation of a future model of water services delivery outlined in paragraphs 49-64.
- 12) **Note** that these endorsed requirements and objectives will be used to develop and evaluate the options for a future water services delivery model and that this evaluation (including the advantages and disadvantages of each option) will come back to committee in December 2024.

- 13) **Agree** that as part of the continued work on a Water Services Delivery Plan, the Mayor request the Advisory Oversight Group to develop and report back on a consumer charter to protect and communicate the rights of local water users under any new entity.

Carried

Secretarial note: The motion was moved with changes to recommendations in the officers' report, as marked in red. A division was called for, voting on which was as follows:

For:

Mayor Whanau, Councillor Abdurahman, Councillor Apanowicz, Councillor Brown, Councillor Calvert, Councillor Chung, Deputy Mayor Foon, Councillor Free, Pouiwi Hohaia, Pouiwi Kelly, Councillor Matthews, Councillor McNulty, Councillor O'Neill, Councillor Pannett, Councillor Randle, Councillor Rogers, Councillor Wi Neera, Councillor Young.

Against:

Majority Vote: 18:0

Carried

The hui adjourned at 12:13pm and returned at 12:36pm with the following members present: Councillor Abdurahman, Councillor Apanowicz, Councillor Brown, Councillor Calvert, Councillor Chung, Deputy Mayor Foon, Pouiwi Hohaia, Pouiwi Kelly, Councillor Matthews, Councillor McNulty, Councillor O'Neill, Councillor Pannett, Councillor Randle, Councillor Rogers, Mayor Whanau, Councillor Wi Neera, Councillor Young.
(Pouiwi Kelly left the hui at 12:37pm.)

2.3 Decision register updates and upcoming reports

Moved Councillor Matthews, seconded Councillor O'Neill

Resolved

That the Kōrau Tōtōpū | Long-term Plan, Finance, and Performance Committee:

1. Receive the information.

Carried

(Councillor Free joined the hui at 12:37pm.)

4. Public Excluded

Moved Councillor Matthews, seconded Councillor Apanowicz

Resolved

That the Kōrau Tōtōpū | Long-term Plan, Finance, and Performance Committee:

1. Pursuant to the provisions of the Local Government Official Information and Meetings Act 1987, exclude the public from the following part of the proceedings of this meeting namely:

| General subject of the matter to be considered | Reasons for passing this resolution in relation to each matter | Ground(s) under section 48(1) for the passing of this resolution |
|---|--|---|
| 4.1 CCO Board Appointments | 7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. | s48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7. |
| 4.2 Local Government Funding Agency Annual General Meeting voting | 7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. | s48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7. |

2. Direct officers to consider the release of publicly excluded information that can be publicly released following the hui.

Carried

The hui went into public-excluded session at 12:40pm. The hui returned from public-excluded session and concluded at 1:15pm with the reading of the following karakia:

| | |
|---|--|
| Unuhia, unuhia, unuhia ki te uru tapu nui | Draw on, draw on |
| Kia wātea, kia māmā, te ngākau, te tinana, te wairua | Draw on the supreme sacredness To clear, to free the heart, the body and the spirit of mankind |
| I te ara takatū | |
| Koia rā e Rongo, whakairia ake ki runga | Oh Rongo, above (symbol of peace) |
| Kia wātea, kia wātea | Let this all be done in unity |
| Āe rā, kua wātea! | |

Authenticated: _____

Chair

Ordinary Meeting of Kōrau Tōtōpū | Long-term Plan, Finance, and Performance Committee

Minute item attachments

9:30 am Rātū, 29 Whiringa-ā-nuku 2024
9:30 am Tuesday, 29 October 2024
Ngake (16.09), Level 16, Tahiwī
113 The Terrace
Pōneke | Wellington

Business

Page No.

2.1 Long-term Plan Amendment and 2025/26 Annual Plan Process

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| 1. 2025-26 LTP Amendment and Annual Plan Presentation 29 October 2024 | 2 |
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LTP Amendment and 2025/26 Annual Plan

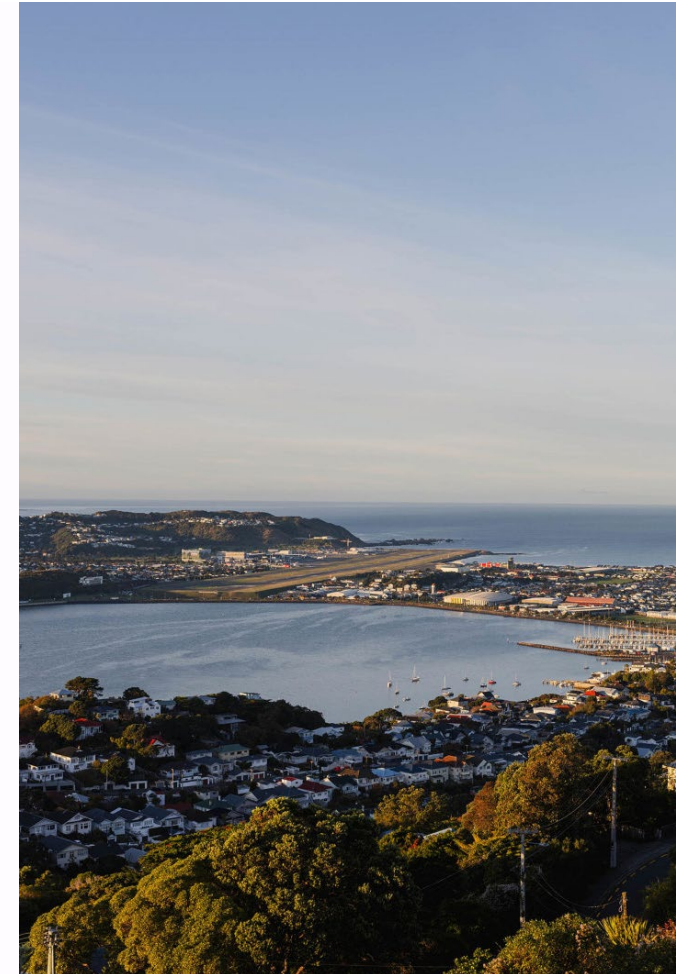
Updated process and timeline

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Wellington City Council
Me Heke Ki Pōneke



Background

- On 26 September, paper was presented to Kōrau Tōtōpū | Long-term Plan, Finance, and Performance Committee on the 2025-26 Annual Plan's (Year 2) initial approach this included:
 - Key dates, Early planning assumptions
 - Uncertainties impacting the Annual Plan including WIAL shares sale, Local Water Done Well, and NZTA transport funding
- On 10 October, Council voted and agreed a NOM to amend the 2024-34 LTP, aiming to stop the sale of WIAL shares and halt related work.
- Following the NOM decision the Council's underlying risks remain unmitigated i.e. an undiversified investment portfolio and the increasing underinsurance risk.
- We are now required to do an amendment of the LTP along with the Annual Plan for 2025/26.



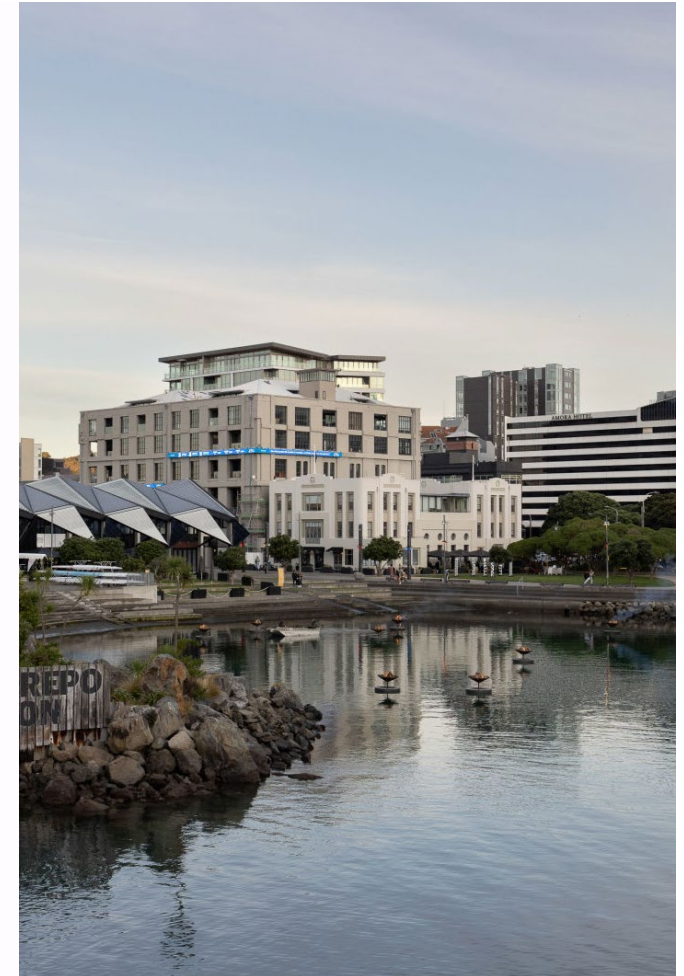
Where we are at now

- We have now:
 - incorporated the LTP amendment process into the 24/25 annual plan timeline
 - as part of the LTP amendment process to revise our financial strategy, we propose reviewing and reducing the LTP capital programme
 - Proposed principles to guide that review
- The aim of the capital programme review is to free up borrowing headroom to manage the risk of an undiversified investment portfolio and the increasing underinsurance risk.



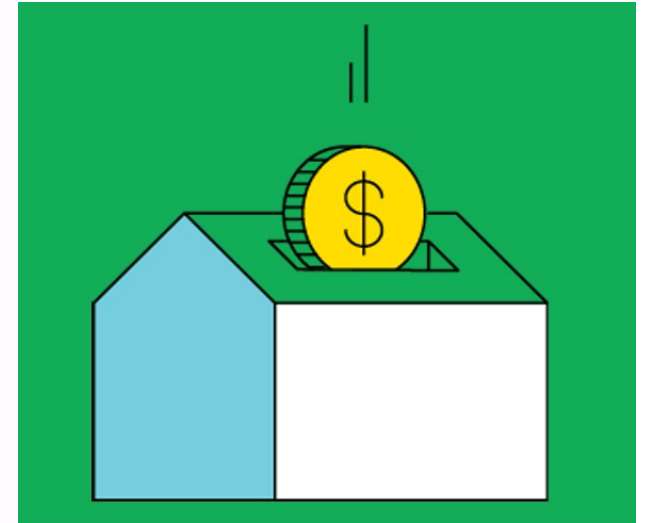
Capital Programme Review- Guiding Principles

- Changes/reductions to the capital programme are required over the full term of the LTP
- The 10 October Council paper outlined the following principles to guide changes to the capital programme:
 - Prioritise the maintenance and renewals of existing assets over upgrading or building new. Reductions to the capital programme should avoid further reducing renewals expenditure. The LTP renewals expenditure is set at 75% of unconstrained renewal funding (apart from water) for year 1 to 10 (note: and this a matter of emphasis by the auditor);
 - Continue projects that are substantively in train (i.e., contractually committed and spend well advanced)
 - Ensure that the Council meets its legislative and regulatory requirements;
 - Early savings should be prioritised (they have more significant impacts on operating costs) and
 - Projects part funded from development contributions (DCs) could move to later in the LTP period. (**Note:** if removed from the plan entirely, DCs would need to be returned and/or the DC policy may need amending)



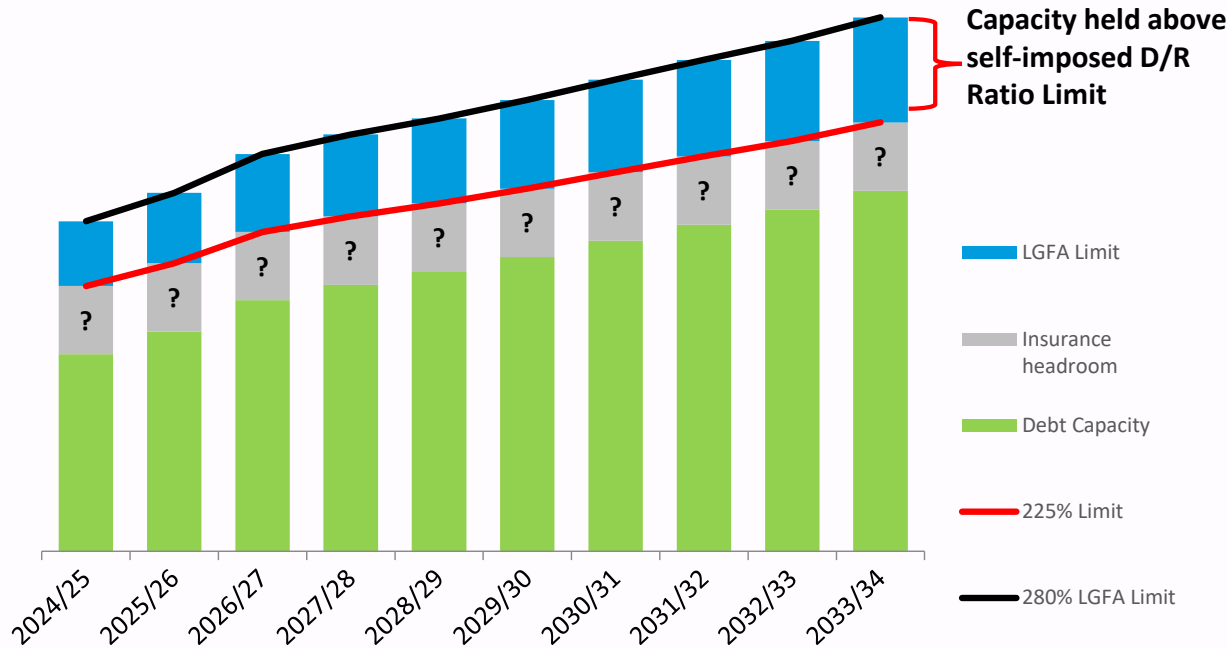
Financial Strategy

- Through the LTP Amendment the Council will need to update its Financial Strategy to manage its risks - an undiversified investment portfolio and the increasing underinsurance risk.
- This will involve reviewing the insurance headroom held within the debt/revenue ratio and the Council's debt capacity.
- The amount of insurance headroom, debt capacity and the deb/revenue ratio limit are all considerations when assessing financial prudence.
- Some of the other parameters for assessing financial prudence include:
 - Condition and performance of assets
 - Balanced budget considerations
 - Depreciation funding
 - Debt and credit ratings
 - Insurance risks
 - Climate change & unplanned events
 - Rates affordability
- Further advice will be provided at the 12th November workshop regarding financial prudence.



Financial Strategy

Debt/Revenue Ratio



The capacity held above the self-imposed Debt/Revenue Ratio limit mitigates risks for:

- Affordability e.g. costs of borrowings
- Unknown condition of assets e.g. Earthquake prone buildings
- Climate change/unknown events
- Rates affordability

Item 2.1 Attachment 1

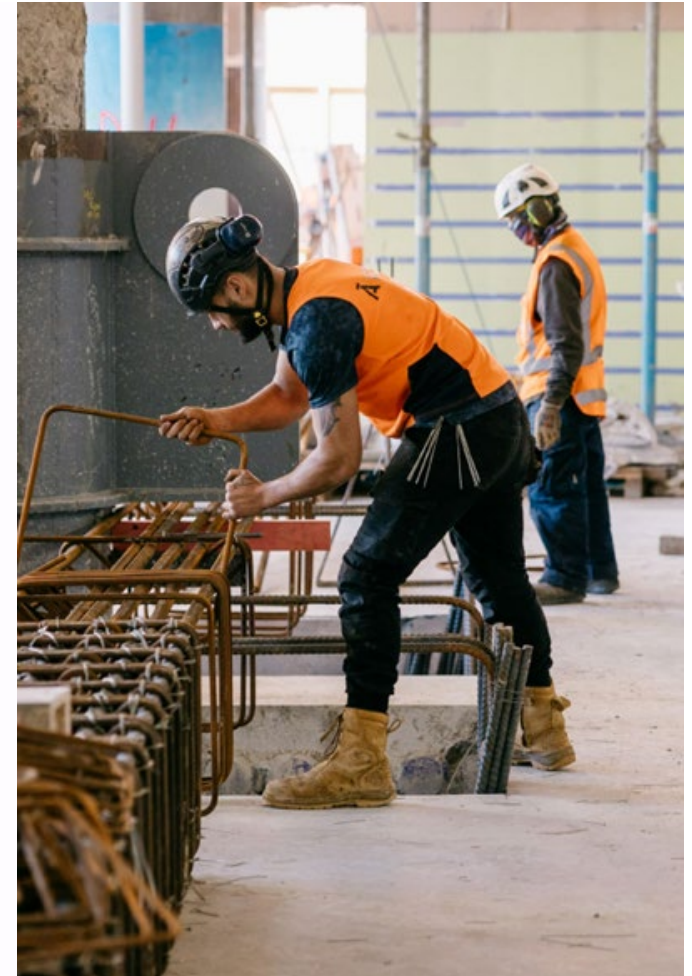
Insurance Roadmap

The proposed establishment of a PIF was only one component of managing Council's insurance risks. The Insurance Roadmap endorsed by Council's Audit and Risk Committee includes other options to help mitigate the underinsurance risk.

Traditional insurance is not sufficient to manage the Council's risk, and several alternative risk transfer methods are being investigated.

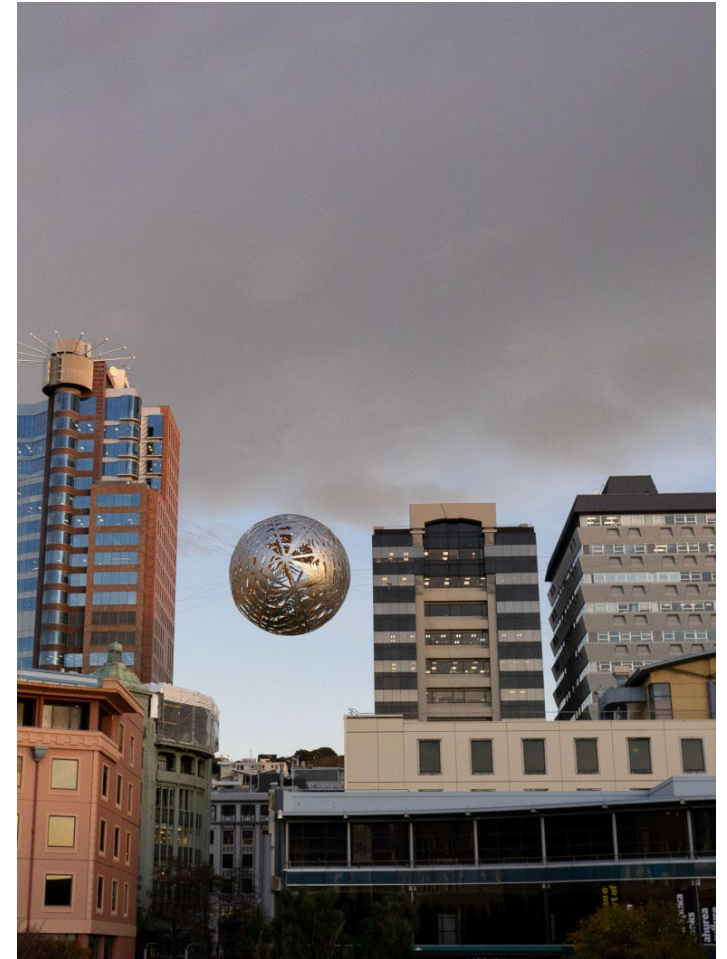
Some of the work being done through the Insurance Roadmap includes:

- Loss Modelling – this will update our understanding of the amount of coverage required in a 'worst case' scenario.
- Climate Risk Assessment – research/develop scenarios for a physical risk assessment of climate related risks and opportunities.
- Assess alternative risk transfer options – captive insurance vehicles and catastrophe bonds.

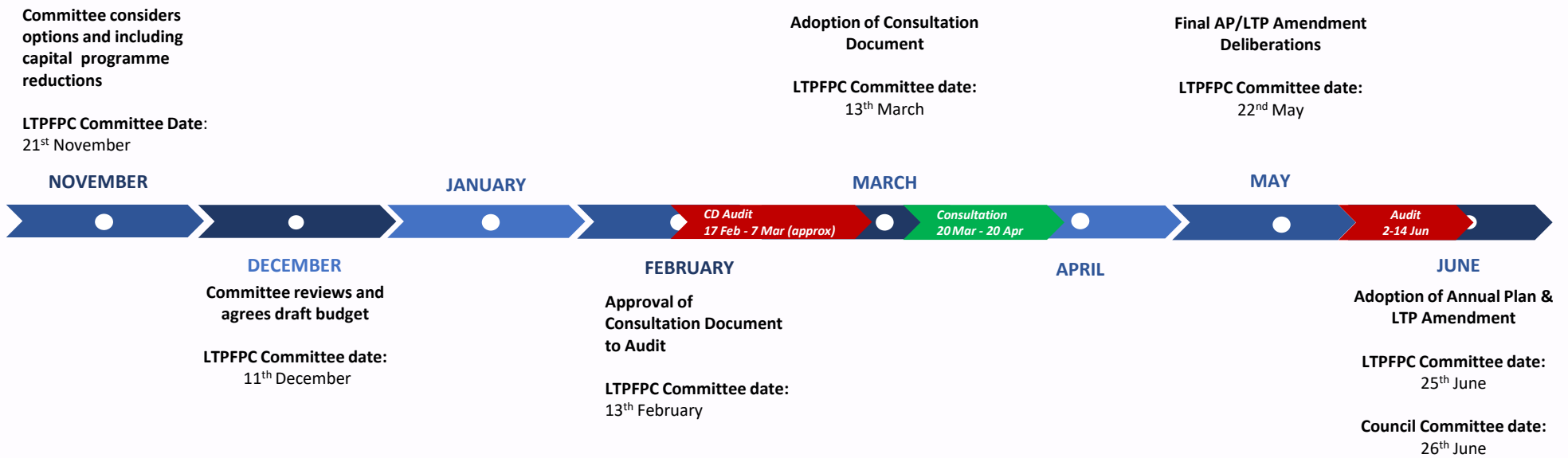


Next steps

- Two workshops in November:
 - 12 November: Financial prudence / insurance
 - 13 November: Capital programme review
- Committee will review and consider the capital programme on 21 November.
- Decisions from this meeting will help build both the amended LTP budget and the 2025/26 Annual Plan budget, which will be presented on 11 December.
- The following slide outlines the timeline and key dates between 21 November 2024 to 26 June 2025 (adoption date).



2025/26 Annual Plan and LTP Amendment timeline



Questions