

LTP Amendment

Capital Programme Review Briefing November 2024



What we will cover

- Recap
- Guiding principles
- Approach to capex review
- NLTP funding shortfall
- Potential impacts and risks
- Capital programme by strategic area - options



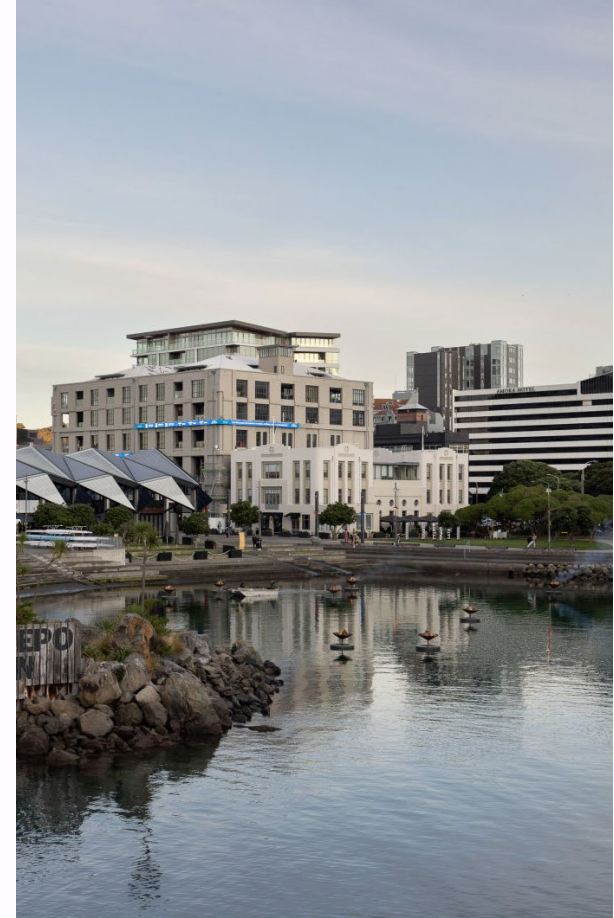
Recap

- Balance sheet review carried out as part of 2024-34 LTP
- The 2024-34 LTP highlighted two financial challenges:
 - Under-insurance gap of approximately \$2.6b
 - Undiversified investment portfolio
- Proposed, and agreed sale of WIAL, and establishment of a perpetual investment fund in June.
- 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.
- Focus of the LTP amendment is on the above issue.



Guiding Principles

- Proposing changes / adjustments to the capital programme over the full term of the LTP, with a focus on years 2-6, to support financial prudence.
- The 10 October Council paper and 29 October Committee Paper outlined the following principles to guide changes to the capital programme:
 - Avoid renewals
 - Avoid projects in train / contracted
 - Avoid projects legislatively required
 - Early savings prioritised (focus on years 2-6)
 - Avoid projects funded by DCs



Approach to capex review

To help provide recommendations, we considered:

- Risks associated with stopping, rephasing, rescaling or continue programme and projects;
- Potential impacts on levels of service;
- Interdependencies / links between programmes and projects within scope of the review; and
- Impact on adopted priorities agreed in the LTP 2024-34



NLTP funding shortfall

- Level of funding from Central Government's National Land Transport Plan (NLTP) for some of our transport programmes and projects was lower than assumed.
- This has impacted most TLAs across NZ.
- The impact is across transport capital programmes including some that traditionally receive FAR funding e.g. footpaths, retaining walls etc.
- Overall objective is to neutralise (balance) the impact on Council's debt to income ratio.
- This means, in order to have no impact on the debt/revenue ratio, \$130m of transport capital projects needs to be removed from the 2024-34 LTP.



Potential impact and risks

- Note: these risks are related the change in the capex programme – not the entire LTP amendment programme
- Note: The principles mitigate the majority of the risks
- Residual risks do remain. They include:
 - Community dissatisfaction
 - Reduced ability to achieve some KPIs / objectives
 - Reduced Level of Service (LoS)
 - City transformation takes longer to achieve
 - Some loss of sunk costs
 - Rephasing may result in higher costs in the future



Capital programmes options for consideration

Environment & Infrastructure

| Initiative | Proposal / options | Financial Impact |
|---|---|---|
| Huetepara Park (Lyllal Bay) | Recommended option: High level of change: Stop the project and remove from the budget. | Total project: \$2.4m Recommended option and saving: \$2.4m in Y1 and against overall LTP budget as project removed from the budget and not carried forward. |
| Frank Kitts Park redevelopment | Recommended option High level of change: Remove project from the LTP and reconsider as part of the 2027 LTP. Keeping the carpark open will generate revenue for the Council. | Total project: \$54.5m - \$1m in Y1, \$42.4m in Y2 to 5, and \$11.1m in Y6. Recommended option and saving: \$51.4m against overall LTP budget, with \$40.3m in Y2 to 5 and \$11.1m in Y6. |
| Begonia House, Otari Landscape Development Plan, and Ops Centre | Recommended option High level of change: Demolish the building due to safety hazards (except the café and kitchen) Note: Otari Landscape Development Plan, and Ops plans yet to be developed, is a funding provision for staff areas improvement. | Total project: \$18.1m across the three projects. Recommended option and saving: \$5.1m, in Y2 to 3, with \$3m needed for the demolition. Otari and Ops Centre budgets remain unchanged.. |



Environment & Infrastructure

| Initiative | Proposal | Financial Impact |
|---|--|---|
| Johnsonville urban green space development | Recommended option High level of change: Stop the project, but continue with the sale and use the proceeds to pay back debt. | Recommended option: Proceeds of sale contribute to reducing debt. |
| Southern Landfill Carbon Unit Purchases | Recommended option: Low level of change: Rephase the programme to out years of the LTP. | Total project: \$45m across the LTP. Recommended option: Remove funding from Y2 to 6. Savings: \$18.1 in Y2 to 5 plus \$5m in Y6 |
| Organics Processing (in partnership with PCC/HCC) | Recommended option: Low level of change: Rescope programme within LTP to complete lower cost alternate model | Total project: \$20.3m across the LTP. Recommended option: Rescope to \$10m Savings: \$11.6 in Y2 to 5, plus \$4.6m of funding for the project to come from Landfill Surplus not debt. |



Economic Development

| Initiative | Proposal | Financial Impact |
|----------------|---|---|
| Venue Upgrades | Recommended Option: High level of change: Stop the project. | Total project: \$13.2m Recommend option and saving: \$13.2m, with \$6.5m across Y4 and 5, plus \$6.7m in Y6 and 7 against overall LTP budget |



Cultural Wellbeing

| Initiative | Proposal | Financial Impact |
|---|--|---|
| Bond Store Upgrade | <p>Recommended Option: Low level of change: Rephase to start in Y5</p> | <p>Total project: \$20.5m</p> <p>Recommended option: Rephase to start in Y5.</p> <p>Saving: \$17.5m in Y2 to 5, and \$1.5m in Y1, but none against overall LTP budget as project rephased.</p> |
| Arts Installation – Arts Installation 1 | <p>Recommended Option: Moderate level of change: Rephase and rescope the project to the out years of the LTP.</p> | <p>Total project: \$867k in the LTP</p> <p>Recommend option and saving: \$316k in Y2 to 5</p> |



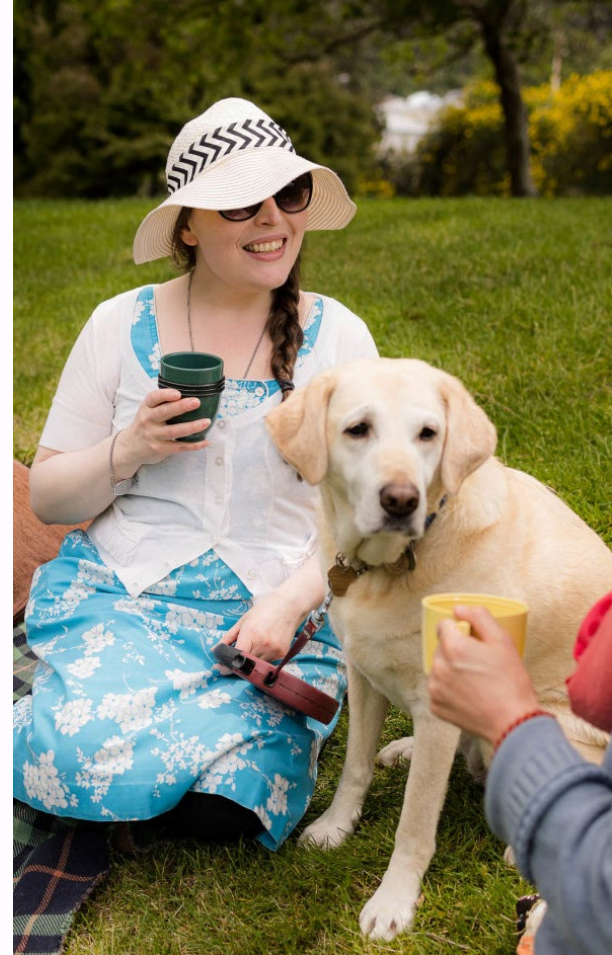
Social and Recreation

| Initiative | Proposal | Financial Impact |
|--|---|--|
| Khandallah Pool upgrade | <p>Recommended option: Moderate level of change: Rephase and rescope the project into the out years of the LTP</p> | <p>Total project: \$7.9m</p> <p>Recommended option: Rephase and rescope into the out years and decrease budget from \$7.9m to \$4.5m as per the LTP proposal that was consulted on.</p> <p>Saving: \$7.9m in Y2 to 5, but only \$3.4m overall as \$4.5m put into Y6 to 8.</p> |
| Grenada North Community Sports Hub and Synthetic Turf Tawa/Grenada | <p>Recommended option: Low level of change: Rephase into later years of the LTP</p> | <p>Total project: \$14.9m, with \$446k in Y1, and including \$2.5m for an artificial turf.</p> <p>Recommended option: Rephase into outer years after Y1 spend. Y5: \$250k for consenting, Y6 and Y7: \$14.2m for construction.</p> <p>Saving: \$14.2m towards the \$400m total, but none overall for the LTP as \$14.2m put into Y6 to 7.</p> |



Social and Recreation

| Initiative | Proposal | Financial Impact |
|---|--|---|
| Playgrounds - Upgrades | Recommended option: Low level of change: Rephase to the out years of the LTP. | Total project: \$1.6m across full LTP Recommend option and saving: Rephase to Y6 and 7 respectively. Saving of \$111.9k in Y2 and \$275.3k in Y3, but none overall as projects rephased. |
| Destination Skate Park – Kilbirnie Park | Recommended option: Low level of change: Rephase work to out years of the LTP. | Total project: \$8.1m, including \$2.2m from the Plimmer Fund. Recommended option: Rephase into out years including some Y1 spend, with Y5: \$500k for consenting and Y6 and Y7: \$7.3m for construction Saving: \$5.1m towards total, plus moving \$2.2 from Plimmer Fund, but none towards overall LTP budget as project rephased. |
| Karori Event Centre Fitout | Recommended option: High level of change: Stop the project and provide further advice on next steps. | Total project: \$2m Recommended option: Stop the project and remove the funding, and provide further advice on next steps for the building. Saving: \$2m in Y1 and against overall LTP budget as project removed from the budget and not carried forward. |



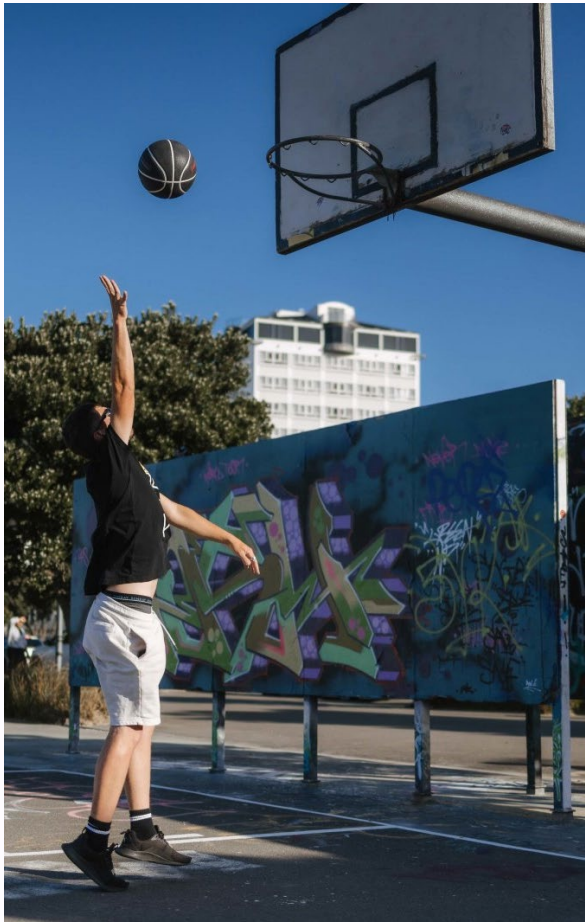
Social and Recreation

| Initiative | Proposal | Financial Impact |
|---|---|--|
| <p>Te Awa Mapara CFNP Centralised Booking System</p> | <p>Recommended option: Low level of change: Keep part of budget and rephase the rest.</p> | <p>Total project: \$113.0m over the LTP</p> <p>Recommended option: Keep \$300k in Y2 for the booking system, and rephase the rest of the programme to start in Y6.</p> <p>Saving: \$7.5m saved across Y4 and 5. This also saves \$50.8m in the out years of the LTP as the \$25m budgeted in Y9 and in Y10 will be pushed into Y11 and Y12. New full LTP total: \$62.4m</p> |



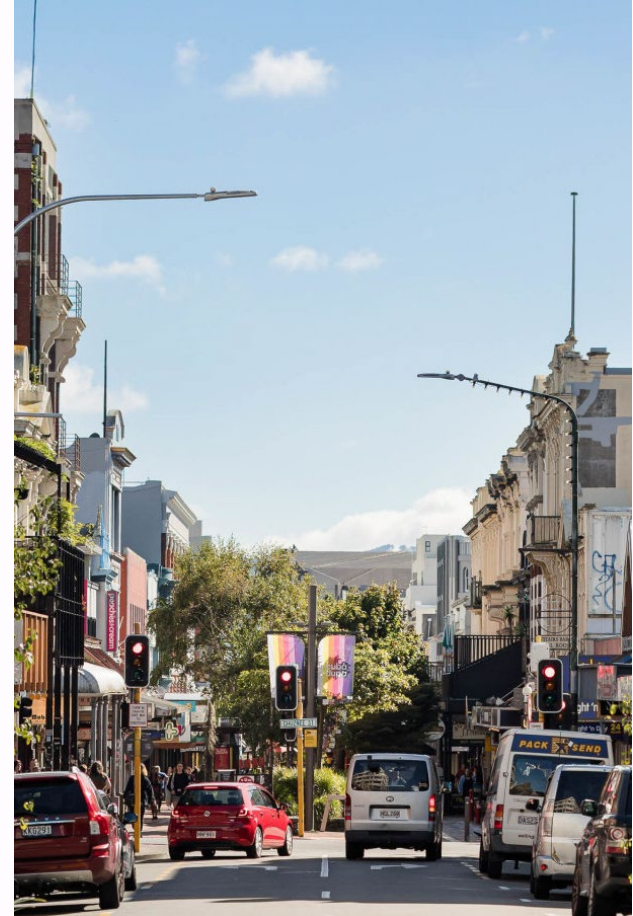
Social and Recreation

| Initiative | Proposal | Financial Impact | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|--|---------------|------------|----------------|---------|------------|--------------|-------------|---------------|------------|------------|--------------|---------------|------------|------------|--------------|---------------|------------|------------|--------------|---------------|------------|------------|--------------|---------------|
| Housing Upgrade Programme Phase 2 Single Capital Programme | Recommended option: Moderate level of change: Rephase and rescope part of the project. | <p>Total project: \$437.8m in this LTP with \$33.1m in Y1, \$227.7m in Y2 to 5 and the remaining \$177m in Y6 to 10.</p> <p>Recommended option: Rephase the programme with the below changes proposed for Y1 to 5 (inflated).</p> <table border="1"> <thead> <tr> <th>Year</th> <th>LTP budget</th> <th>Revised budget</th> <th>Savings</th> </tr> </thead> <tbody> <tr> <td>FY 2024/25</td> <td>\$33,147,999</td> <td>\$6,901,485</td> <td>-\$26,246,514</td> </tr> <tr> <td>FY 2025/26</td> <td>35,700,001</td> <td>\$18,435,560</td> <td>-\$17,264,441</td> </tr> <tr> <td>FY 2026/27</td> <td>52,122,000</td> <td>\$38,967,513</td> <td>-\$13,154,487</td> </tr> <tr> <td>FY 2027/28</td> <td>74,576,157</td> <td>\$51,741,531</td> <td>-\$22,834,627</td> </tr> <tr> <td>FY 2028/29</td> <td>65,264,791</td> <td>\$49,961,602</td> <td>-\$15,303,190</td> </tr> </tbody> </table> <p>Savings: \$68.6m towards the \$400m plus a further \$26.2m in Y1 and additional savings in Y6. The overall LTP total for the programme decreases to \$386.5m with spending moved into Y11+.</p> | Year | LTP budget | Revised budget | Savings | FY 2024/25 | \$33,147,999 | \$6,901,485 | -\$26,246,514 | FY 2025/26 | 35,700,001 | \$18,435,560 | -\$17,264,441 | FY 2026/27 | 52,122,000 | \$38,967,513 | -\$13,154,487 | FY 2027/28 | 74,576,157 | \$51,741,531 | -\$22,834,627 | FY 2028/29 | 65,264,791 | \$49,961,602 | -\$15,303,190 |
| Year | LTP budget | Revised budget | Savings | | | | | | | | | | | | | | | | | | | | | | | |
| FY 2024/25 | \$33,147,999 | \$6,901,485 | -\$26,246,514 | | | | | | | | | | | | | | | | | | | | | | | |
| FY 2025/26 | 35,700,001 | \$18,435,560 | -\$17,264,441 | | | | | | | | | | | | | | | | | | | | | | | |
| FY 2026/27 | 52,122,000 | \$38,967,513 | -\$13,154,487 | | | | | | | | | | | | | | | | | | | | | | | |
| FY 2027/28 | 74,576,157 | \$51,741,531 | -\$22,834,627 | | | | | | | | | | | | | | | | | | | | | | | |
| FY 2028/29 | 65,264,791 | \$49,961,602 | -\$15,303,190 | | | | | | | | | | | | | | | | | | | | | | | |



Urban Development

| Initiative | Proposal | Financial Impact |
|-----------------------|--|--|
| Suburban town centres | Recommended option: Moderate level of change: Rescope and rephase to later years. | Total project: \$11.0m across the LTP. Recommended option: Remove Y3 and Y5 spend. Saving: \$4.2m towards total and to overall LTP budget as budget removed. |
| Laneways | Recommended option: High level of change: Stop project for Y2 to 7. | Total project: \$2.6m across the LTP. Recommended option: Remove budget for programme for Y2 to 7 and restart in Y8. Saving: \$2m from total LTP budget, with \$980k from Y2-5 and \$205k from Y1. |



Urban Development

| Initiative | Proposal | Financial Impact |
|--|--|--|
| Green Network Plan – Inner City Greening | <p>Recommended option: Low level of change: rephase budget from Y2 to 5.</p> | <p>Total project: \$4.5m across the LTP.</p> <p>Recommended option: Rephase budget for programme for Y2 to 5 and restart in Y6.</p> <p>Saving: \$2.8m saved in Y2 to 5, but only \$530k saved over the full LTP as this is rephased, with small changes to the out year budgets resulting in overall savings.</p> |
| Te Ngākau | <p>Recommended option: Moderate level of change: Rescope and rephase to later years of the LTP and Year 11+</p> | <p>As per proposal: Total project: \$203.3m</p> <p>Recommended option: Remove unallocated budget in out years and move MFC allocation to Y6 to fit deadline.</p> <p>Saving: \$21.7m from Y2-5 and \$67.7m from Y6 to 10.</p> <p>Noting Y9 and 10 funding moving to Y6 and 7</p> |



Transport

| NLTP Low-Cost Low-Risk projects – no funding received | | | |
|---|---|---------------------|---|
| Initiative | Proposal | NLTP Revenue change | Financial Impact |
| Retaining walls | Low level of change: Neutralise NLTP funding and rescope project to make overall savings. | \$7.9m revenue loss | Total project: \$58.9m across the full LTP Recommended option: Rephase programme to make overall savings. \$6.3m savings made in Y2 to 5, \$26.8m savings overall. |
| Minor Works Upgrades | Low level of change: Neutralise NLTP funding and rescope project to make overall savings. | \$2.6m revenue loss | Total project: \$23.9m across the full LTP Recommended option: Rephase programme to make overall savings. \$4.1m savings made in Y2 to 5, \$9.6m savings overall. |



Transport

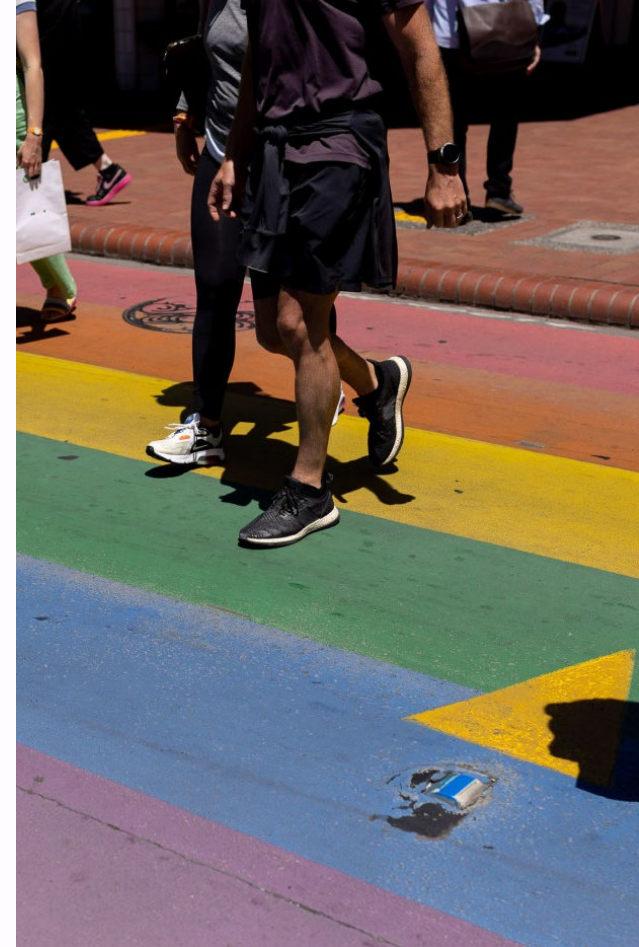
| NLTP Low-Cost Low-Risk projects – no funding received | | | |
|---|---|-----------------------|---|
| Initiative | Proposal | NLTP Revenue change | Financial Impact |
| Drainage upgrades | Low level of change: Neutralise NLTP funding and rescope project to make overall savings. | \$489.6k revenue loss | Total project: \$4.4m across the full LTP Recommended option: Rephase programme to make overall savings. \$878.5k savings made in Y2 to 5, \$2.6m savings overall. |
| Build Back Better | High level of change: Neutralise NLTP funding and stop the project. | \$612k revenue loss | Total project: \$10.6m across the full LTP Recommended option: Remove the programme to make overall savings. \$4.3m savings made in Y2 to 5, \$10m savings overall. |
| Reactive minor works | Low level of change: Neutralise NLTP funding and rescope project to make overall savings. | \$1.5m revenue loss | Total project: \$13.2m across the full LTP Recommended option: Rephase programme to make overall savings. \$2.7m savings made in Y2 to 5, \$4m savings overall. |



Transport

NLTP Low-Cost Low-Risk projects – no funding received

| Initiative | Proposal | NLTP Revenue change | Financial Impact |
|--|---|---|---|
| Bridge Improvements | Low level of change: Neutralise NLTP funding and rescope project to make overall savings. | \$1.8m loss revenue | Total project: \$13.2m across the full LTP Recommended option: Reduce programme to make overall savings. \$2.7m savings made in Y2 to 5, \$4m savings overall. |
| Tunnels Upgrades | Low level of change: Neutralise NLTP funding and rescope project to make overall savings. | \$413.8k revenue loss | Total project: \$3.7m across the full LTP. Recommended option: Rephase programme to make overall savings. \$777k savings made in Y2 to 5, \$2.3m savings overall. |
| Retaining Wall Resilience Upgrades. This includes Ngaio Gorge and Wadestown routes. | Low level of change: Neutralise NLTP funding and rescope project to make overall savings. | Overall, this line had a \$1.3m revenue loss, which includes a \$263k revenue gain for one project. | Total project: \$23.7m across the full LTP Recommended option: Reduce programme to make overall savings. \$2.4m savings made in Y2 to 5, \$4.8m savings overall. |



Transport

NLTP Low-Cost Low-Risk projects – no funding received

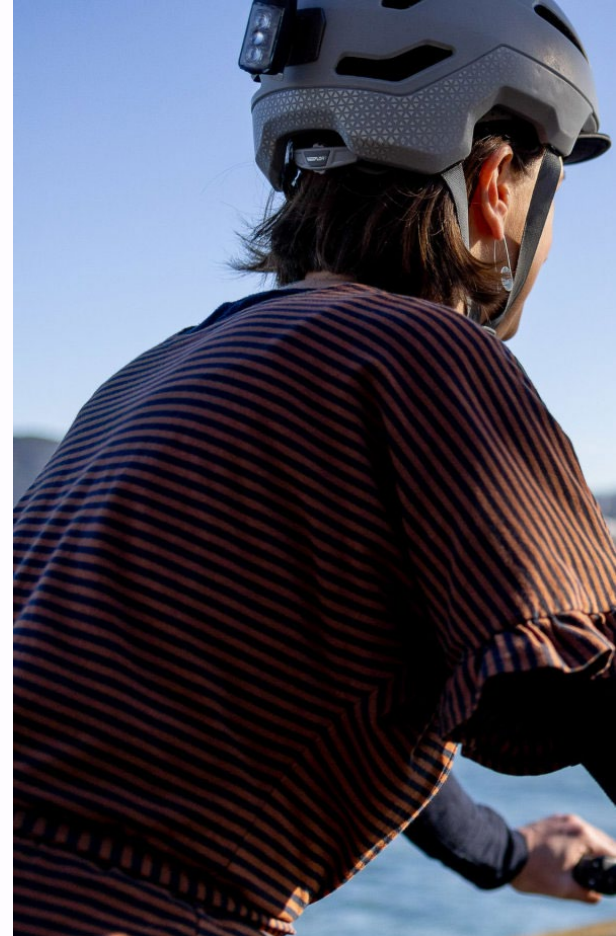
| Initiative | Proposal | NLTP Revenue change | Financial Impact |
|-----------------------------|---|---------------------|---|
| Rural Road Upgrades | Low level of change: Neutralise NLTP funding and rescope project to make overall savings. | \$122k revenue loss | Total project: \$1.1m across the full LTP Recommended option: Reduce programme to make overall savings. \$211k savings made in Years 2 to 5, \$531k savings overall. |
| LED Street Light Transition | Low level of change: Neutralise NLTP funding and rescope project to make overall savings. | \$662k revenue loss | Total project: \$4.2m across the full LTP Recommended option: Reduce programme to make overall savings. \$1.5m savings made in Years 2 to 5, \$2.8m savings overall. |
| Speed Management Upgrades | Low level of change: Neutralise NLTP funding and rescope project to make overall savings | \$192k revenue loss | Total project: \$2m across the full LTP Recommended option: Increase project to make safety improvements needed. \$2.7m increase in the budget overall, with an additional \$4.5m in Y1 and 2, but a reduction of \$1.8m in Y3 to 10. |



Transport

NLTP Low-Cost Low-Risk projects – no funding received

| Initiative | Proposal | NLTP Revenue change | Financial Impact |
|--|--|-----------------------|--|
| Parking Upgrades and Parking Management Plan | Low level of change: Neutralise NLTP funding and rescope project to make overall savings. | \$1.1m revenue loss | Total project: \$5m across the full LTP Recommended option: Rephase and reduce programme to make overall savings. \$549k savings made in Y2 to 5, \$1.6m savings overall. |
| Safer Routes to Schools | Low level of change: Neutralise NLTP funding and rescope project to make overall savings. | \$612k revenue loss | Total project: \$5.5m across the full LTP Recommended option: Reduce programme to make overall savings. \$1.2m savings made in Y2 to 5, \$3m savings overall. |
| Footpath upgrades | No change: Continue as planned | \$742.1k revenue loss | Total project: \$6.3m across the full LTP Recommended option: Continue as programmed, with Y1 savings only (\$135k). |



Transport

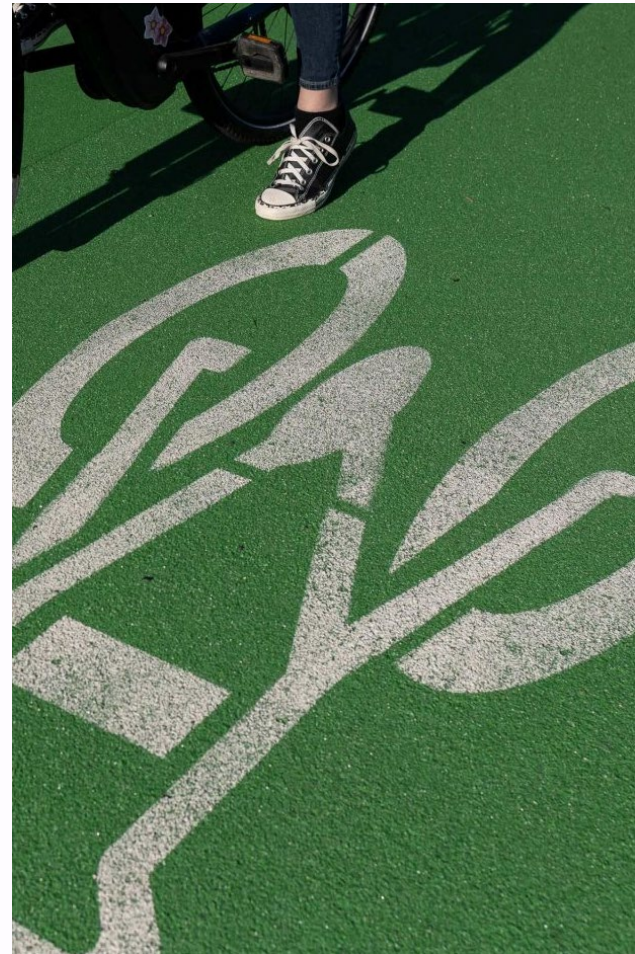
NLTP Low-Cost Low-Risk projects – no funding received

| Initiative | Proposal | NLTP Revenue change | Financial Impact |
|-------------------------------|---|---------------------|--|
| Bus Priority Improvements | Low level of change: Neutralise NLTP funding and rescope project to make overall savings. | \$184k revenue loss | Total project: \$1.6m across the full LTP Recommended option: Reduce programme to make overall savings. \$422k savings made in Years 2 to 5, \$1.1m savings overall. |
| Footpaths Structures Upgrades | Low level of change: Neutralise NLTP funding and rescope project to make overall savings. | \$367k revenue loss | Total project: \$3.9m across the full LTP Recommended option: Reduce programme to make overall savings. \$517k savings made in Years 2 to 5, \$1.2m savings overall |
| Cycleways Minor Works | Moderate level of change: Rescope budget. | \$1.7m revenue loss | Total project: \$12.1m across the full LTP Recommended option: Reduce programme to make overall savings. \$2.7m savings made in Y2 to 5, \$4.5m savings overall. |



Transport

| NLTP Improvement Programme – remaining not linked to above budgets | | | |
|--|--|---|--|
| Initiative | Proposal | NLTP Revenue change | Financial Impact |
| Mark Ave to Grenada North | Low level of change: Neutralise NLTP funding and rescope project to make overall savings. | \$3.2m revenue loss | Total project: \$54.8m Recommended option: Reduce programme to make savings towards NLTP mitigation. \$24.8m savings overall |
| Cycleways | Moderate levels of change: Rescope and rephase over the full LTP and into Years 11+. | \$20.2m revenue loss | Total project: \$99.0m in LTP budget Recommended option: Reduce programme to make savings towards NLTP mitigation. Overall, \$10.3m savings made in Y2 to 5, \$40.0m savings overall. |
| Golden Mile Upgrades | Moderate levels of change: Rescope and remove some over the full LTP. | Currently has full NLTP funding. This would likely be impacted by reducing the scope of the project | Total project: \$112.9m in LTP budget (with 51% of this being NZTA funded). Recommended option: Reduce programme to make savings. Savings: \$58.2m savings made in Years 2 to 5, \$67.2m savings overall (with 51% of this is NZTA being funded). |



Transport

NLTP Improvement Programme – remaining not linked to above budgets

| Initiative | Proposal | NLTP Revenue change | Financial Impact |
|---|--|----------------------|--|
| City Streets (Relates to the following three initiatives) | | | Y4 to 10 savings from unallocated budget removal for Bus Priority and Central City upgrades: \$85m, with the WCC share (minus GWRC) being \$52.3m |
| <ul style="list-style-type: none"> • <i>Harbour Quays Corridor Upgrades</i> <ul style="list-style-type: none"> ◦ <i>Bus Priority</i> | Moderate levels of change: Rescope and rephase over the full LTP | \$10.8M revenue loss | <p>Total project: \$51.6m in LTP budget</p> <p>Recommended option: Reduce programme to make savings towards NLTP mitigation and overall total.</p> <p>Savings: \$41.6m savings made in Y1 to 3 and overall. Total project reduced to \$10m in Y1 to 3. However, actual WCC savings are \$20.8m as this is 50% paid for by GWRC.</p> |



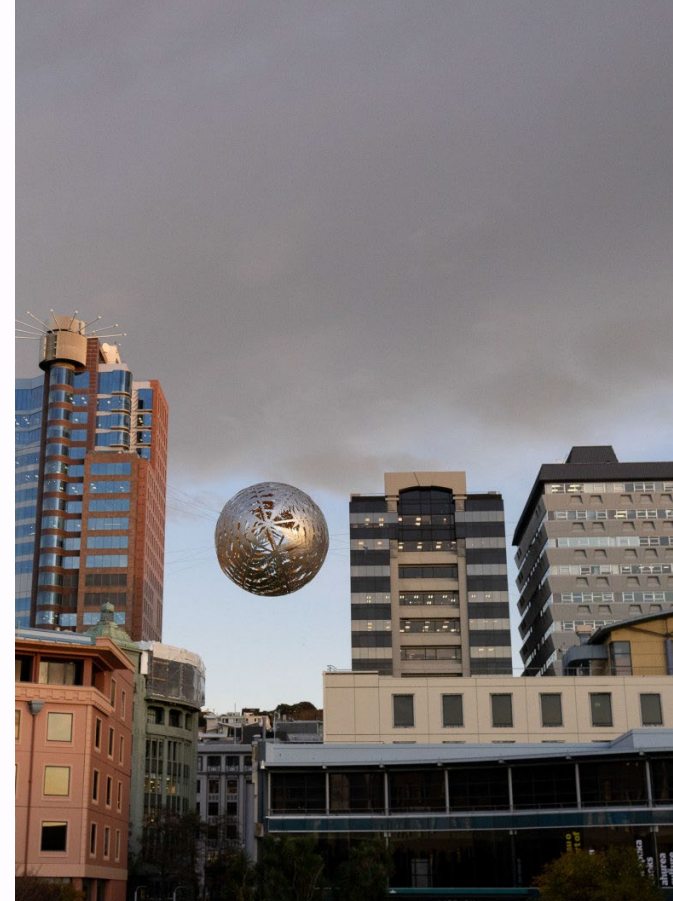
Transport

| NLTP Improvement Programme – remaining not linked to above budgets | | | |
|---|--|----------------------------|--|
| Initiative | Proposal | NLTP Revenue change | Financial Impact |
| <ul style="list-style-type: none"> • <i>Eastern Corridor Upgrades</i> <ul style="list-style-type: none"> ◦ <i>Bus Priority</i> | <p>Moderate levels of change: Rescope and rephase over the full LTP</p> | <p>\$3.6m revenue loss</p> | <p>Total project: \$16.5m in LTP budget</p> <p>Recommended option: Reduce programme to make savings towards NLTP mitigation and overall total.</p> <p>Savings: \$10.5m savings made in Years 1 to 3 and overall. Total project reduced to \$6m in Y1 to 3.</p> <p>However, actual WCC savings are \$5.3m as this is 50% paid for by GWRC.</p> |
| <ul style="list-style-type: none"> • <i>Central City Upgrades - Public Transport</i> <ul style="list-style-type: none"> ◦ <i>Walking and Cycling</i> | <p>Low levels of change: Rephase one project into Year 6</p> | <p>None assumed</p> | <p>Total project: \$18.5m in Y1 to 3.</p> <p>Recommended option: Rephase Cuba St project.</p> <p>Savings: \$3.8m savings overall with phasing TBC. Total project reduced to \$18.5m</p> |



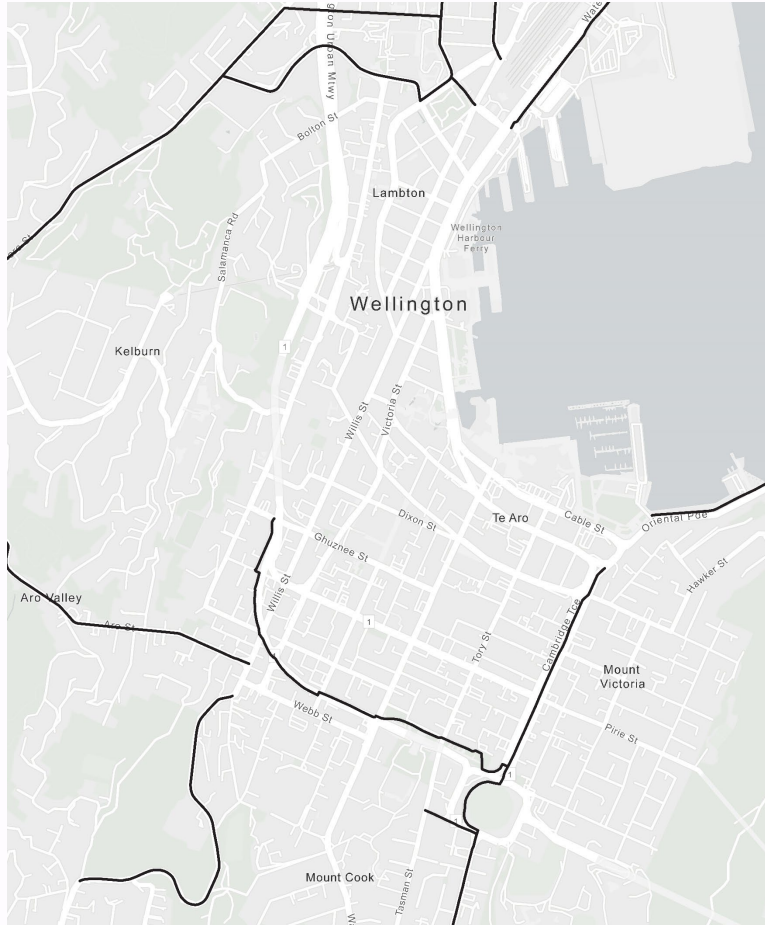
Next steps

- 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.



Questions

Bike Network June 2025



Bike Network June 2027

Focus on finish what is started and central city gap

