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**ORDINARY MEETING  
OF  
PŪRORO TAHUA | FINANCE AND PERFORMANCE  
COMMITTEE  
AGENDA**

**Time:** 9:30am  
**Date:** Wednesday, 28 September 2022  
**Venue:** Ngake (16.09)  
Level 16, Tahiwi  
113 The Terrace  
Wellington

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**MEMBERSHIP**

Mayor Foster  
Deputy Mayor Free  
Councillor Calvert (Chair)  
Councillor Condie  
Councillor Day  
Councillor Fitzsimons  
Councillor Foon (Deputy Chair)  
Liz Kelly  
Councillor Matthews  
Councillor O'Neill  
Councillor Pannett  
Councillor Paul  
Councillor Rush  
Councillor Woolf  
Councillor Young

**Have your say!**

*You can make a short presentation to the Councillors, Committee members, Subcommittee members or Community Board members at this meeting. Please let us know by noon the working day before the meeting. You can do this either by phoning 04-803-8337, emailing [public.participation@wcc.govt.nz](mailto:public.participation@wcc.govt.nz) or writing to Democracy Services, Wellington City Council, PO Box 2199, Wellington, giving your name, phone number, and the issue you would like to talk about. All Council and committee meetings are livestreamed on our YouTube page. This includes any public participation at the meeting.*

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## **AREA OF FOCUS**

The Pūroro Tahua | Finance and Performance Committee has the following responsibilities:

- Financial oversight
- Procurement policy
- Financial and non-financial performance oversight in relation to the Long-term Plan and Annual Plan
- Health and Safety
- Non-strategic asset investment and divestment as provided for through the LongTerm Plan and recommending to Council for matters not provided for in the LongTerm Plan.
- Council Controlled Organisation oversight and performance, with the exception of Wellington Water Limited which sits with the Infrastructure Committee
- Council Controlled Organisation director review and appointments
- WellingtonNZ oversight and performance

The Committee has the responsibility to discuss and approve a forward agenda.

To read the full delegations of this committee, please visit [wellington.govt.nz/meetings](https://wellington.govt.nz/meetings).

**Quorum:** 9 members

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## 1. Meeting Conduct

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### 1.1 Karakia

The Chairperson will open the meeting with a karakia.

<b>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!</b>	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
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At the appropriate time, the following karakia will be read to close the meeting.

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

The Chairperson invites notice from members of apologies, including apologies for lateness and early departure from the meeting, where leave of absence has not previously been granted.

### 1.3 Conflict of Interest Declarations

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

### 1.4 Confirmation of Minutes

The minutes of the meeting held on 18 August 2022 will be put to the Pūroro Tahua | Finance and Performance Committee for confirmation.

### 1.5 Items not on the Agenda

The Chairperson will give notice of items not on the agenda as follows.

***Matters Requiring Urgent Attention as Determined by Resolution of the Pūroro Tahua | Finance and Performance Committee.***

The Chairperson shall state to the meeting:

- 
1. The reason why the item is not on the agenda; and
  2. The reason why discussion of the item cannot be delayed until a subsequent meeting.

The item may be allowed onto the agenda by resolution of the Pūroro Tahua | Finance and Performance Committee.

***Minor Matters relating to the General Business of the Pūroro Tahua | Finance and Performance Committee.***

The Chairperson shall state to the meeting that the item will be discussed, but no resolution, decision, or recommendation may be made in respect of the item except to refer it to a subsequent meeting of the Pūroro Tahua | Finance and Performance Committee for further discussion.

### **1.6 Public Participation**

A maximum of 60 minutes is set aside for public participation at the commencement of any meeting of the Council or committee that is open to the public. Under Standing Order 31.2 a written, oral or electronic application to address the meeting setting forth the subject, is required to be lodged with the Chief Executive by 12.00 noon of the working day prior to the meeting concerned, and subsequently approved by the Chairperson.

Requests for public participation can be sent by email to [public.participation@wcc.govt.nz](mailto:public.participation@wcc.govt.nz), by post to Democracy Services, Wellington City Council, PO Box 2199, Wellington, or by phone at 04 803 8334, giving the requester's name, phone number and the issue to be raised.

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## 2. General Business

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# WELLINGTON WATER QUARTER 4 REPORT

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### Kōrero taunaki | Summary of considerations

#### Purpose

1. This report to Pūroro Tahua | Finance and Performance Committee is to present Wellington Water Quarter 4 report to Councillors.

#### Strategic alignment with community wellbeing outcomes and priority areas

Aligns with the following strategies and priority areas:

- Sustainable, natural eco city
- People friendly, compact, safe and accessible capital city
- Innovative, inclusive and creative city
- Dynamic and sustainable economy

#### Strategic alignment with priority objective areas from Long-term Plan 2021–2031

- Functioning, resilient and reliable three waters infrastructure
- Affordable, resilient and safe place to live
- Safe, resilient and reliable core transport infrastructure network
- Fit-for-purpose community, creative and cultural spaces
- Accelerating zero-carbon and waste-free transition
- Strong partnerships with mana whenua

#### Relevant Previous decisions

#### Financial considerations

- Nil       Budgetary provision in Annual Plan / Long-term Plan       Unbudgeted \$X

#### Risk

- Low       Medium       High       Extreme

Author	Chris Mathews, Manager Waste, Water and Resilience
Authoriser	Stephen McArthur, Chief Strategy & Governance Officer

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## **Taunakitanga | Officers' Recommendations**

Officers recommend the following motion

That the Pūroro Tahua | Finance and Performance Committee:

1. Receive the information.

## **Whakarāpopoto | Executive Summary**

2. Please find attached Wellington Water Quarter 4 report.

## **Takenga mai | Background**

3. Wellington Water provides a quarterly report to Wellington City Council. The report is being presented to this committee as a standalone item. WCC is moving directly to an annual report format for this reporting period.







## **Kōrerorero | Discussion**

4. The Wellington Water Report and commentary of performance against (DIA) mandatory and non-mandatory KPIs, and other matters of interest such as flourination is attached for your information.

## **Ngā mahinga e whai ake nei | Next actions**

5. At the establishment of the post-election committee structure, the future of the reporting will continue to be synchronised with other council requirements.

## **Attachments**

Attachment 1.	Quarter Four Report 21/22  	Page 9
Attachment 2.	Project Update - CBD Wastewater Pump Stations & Rising Main (PS1 to PS7) Renewal & Upgrade  	Page 15
Attachment 3.	Project Update - Omāroro Reservoir  	Page 16



## Quarter Four Report 21/22

### Executive Summary

This quarterly consolidated report draws together several reports that Wellington Water has provided for the Council in the past. The purpose of this report is to provide the Council with a high-level overview of Wellington Water's quarterly performance, in particular relating to Wellington City. In future, this report will be superseded by an improved suite of operational reporting, which is due to commence from the end of Q1 23FY.

In Quarter 4, Wellington Water had its largest ever quarter for delivery, despite the continued impacts of Covid-19 and poor weather. Full year Capex spend was 3% under budget, with full year Opex spend 2% over budget. We continue to see high levels of service requests and we have a backlog of customer service requests more than 60% higher than the same time last year. This is leading to decreasing network performance and increasing response times for non-urgent jobs.

### DIA / LTP Measures

This year, 12 of the 24 (50%) LTP performance measures were achieved, including the DIA mandatory performance measures. Quarterly performance was broadly as expected and in line with previous quarters.

Measure	Q4 Result	Full Year Result (Target)	Commentary
Median response time for urgent (drinking water) callouts	<b>66 mins</b> (all response times are YTD)	<b>66 mins</b> (<60 mins)	Wellington Water continues to fix leaks at a very high rate, battling ageing pipes that are prone to bursts and in need of repairs.
Median response time for non-urgent (drinking water) callouts	<b>66.8 hours</b> (all response times are YTD)	<b>66.8 hours</b> (<36 hours)	
Median response time for wastewater callouts	<b>162 mins</b> (all response times are YTD)	<b>162 mins</b> (<60 mins)	As the number of leaks is outstripping our capacity, our backlog is increasing, resulting in response times that exceed targets. Particularly affected are non-urgent response times as the backlog is reaching record levels, coupled with front line shortages during the peaks of Covid-19 waves.  Wastewater results continue to exceed target due to the increasing work volume and ongoing resource constraints. Wellington Water continues to manage this by prioritising resources.
Median resolution time for wastewater callouts	<b>20.5 hours</b> (all response times are YTD)	<b>20.5 hours</b> (<6 hours)	
Average drinking water consumption per resident per day	<b>389L/p/d</b>	<b>390L/p/d</b> (<365)	Per capita consumption continues to rise across the region, putting increased pressure on our water sources and treatment capacity. This in turn increases the likelihood of

			more severe water restrictions in summer
Percentage of real water loss from the networked reticulation system	<b>26%</b> (YTD)	<b>26%</b> (<20%)	Leak detection and repairs remain an ongoing focus for Wellington Water. We have seen a record number of active leaks this year resulting in higher water losses, although the repair backlog has started to reduce in the past few months.
Percentage of monitored freshwater sites that have a rolling twelve month median value for E.coli (dry weather samples) that do not exceed 1000 cfu/100ml	<b>79%</b> (YTD)	<b>79%</b> (>90%)	The Human Health Mitigation project is underway and targeting environmental health improvements at catchments across Wellington City Council.
Dry-weather sewerage overflows	<b>1.7</b>	<b>6.2</b> (0)	A target of zero overflows remains unattainable, especially given the poor condition of network assets.  However, the result for the full year is well within the regional standard target of 20 overflows per 1000 connections each year. The network performance has been relatively stable across all quarters
Compliance with resource consents for discharge from the wastewater system	<b>Zero</b>	<b>3</b> (0)	No abatement notices, infringement notices, enforcement orders or convictions have been received in the last 6 months of the financial year.
Number of flooding events	<b>1</b>	<b>4</b> (2 per annum)	The Wellington region experienced a series of heavy rainfall events in July and December 2021, and in February and June 2022.  During these events, a high number of calls were received during peak times and after hours, with over 600 calls recorded during the July event. A Post Event Recovery Team (PERT) was activated to work through customer requests after each event.
Number of habitable floors affected by flooding events per 1000 connections	<b>0</b>	<b>1</b> (<0.13 per annum)	
Median response time to attend a flooding event	<b>62.2 hours</b> (all response times are YTD)	<b>62.2 hours</b> (<60 mins)	Responding promptly to every customer request during an emergency is extremely difficult with many requests at the same time. Often, we are made aware of flooding events after the fact by other agencies (Fire and Emergency New Zealand or insurance companies).

## Statement of Intent

Wellington Water sets additional measures for itself through its Statement of Intent to address regional priorities of the region (the Water Committee) and the company. This year there are 16 measures.

At the end of the year, eleven measures were achieved, four were not achieved and one was no longer applicable as Taumata Arowai's timeframes for disclosures changed during the year. Those that were not achieved are detailed in the table below. A full list of Statement of Intent measures is attached to this report.

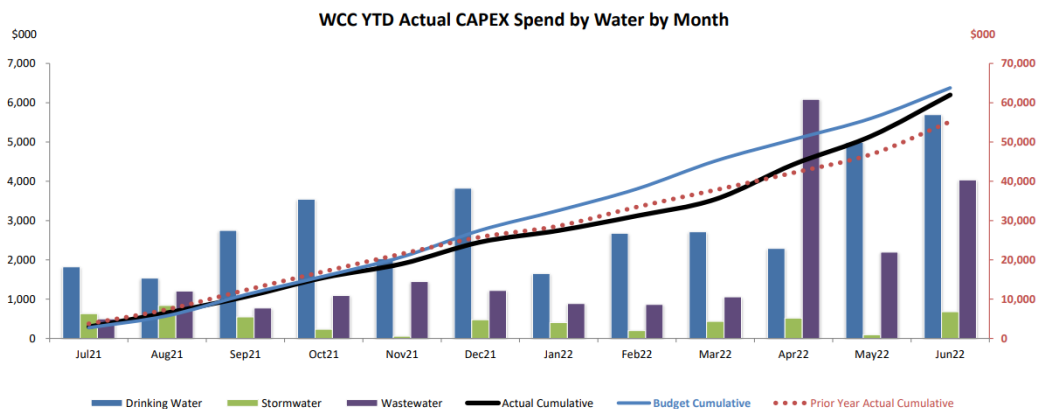
Measure	Result (Target)	Commentary
The wastewater network will operate as expected (we will receive no abatement notices, infringement notices, enforcement orders or convictions for our wastewater consents).	<b>Not achieved</b> (Target Zero)  <b>0</b> abatement notices, infringement notices, enforcement orders or convictions (Q4)  <b>4</b> abatement notices and 3 infringement notices (YTD)	The review into wastewater delivery across the Wellington Metro area was completed in Q2, and in Q3 we began actioning the improvement plan.  We received no abatement notices in Q3 and Q4.
We will complete scheduled improvements to the asset management system	<b>13 out of 16</b> objectives complete by end of the June 2022 (Target 100%)	We completed 13 out of 16 identified improvements. The three that were not completed were due to staff turnover and difficulty attracting high quality asset management staff.  <i>*WWL's Strategic Asset Management Plan (SAMP) outlines 16 objectives that are due for completion by the end of the financial year.</i>
We will slow the rate of increase in gross water consumption per capita	a. <b>Not achieved</b> (Target: year-on year decrease in Metro Wellington)  b. <b>Unable to measure</b> (Target: year-on year decrease in SWDC)	a. Per capita consumption continues to rise and has risen faster in 2021/22 than in the year prior. b. Due to a change in methodology and a malfunctioning flow meter at the Featherston Water Treatment Plant in early 2021, we are unable to report a result.

We will baseline our capital emissions, and set targets for reductions in future Statements of Intent	<b>Baseline set</b> (Target: Baseline and targets set)	We have not set any targets for carbon reduction as this was not possible with the annual funding provided by councils.
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### Financial Performance

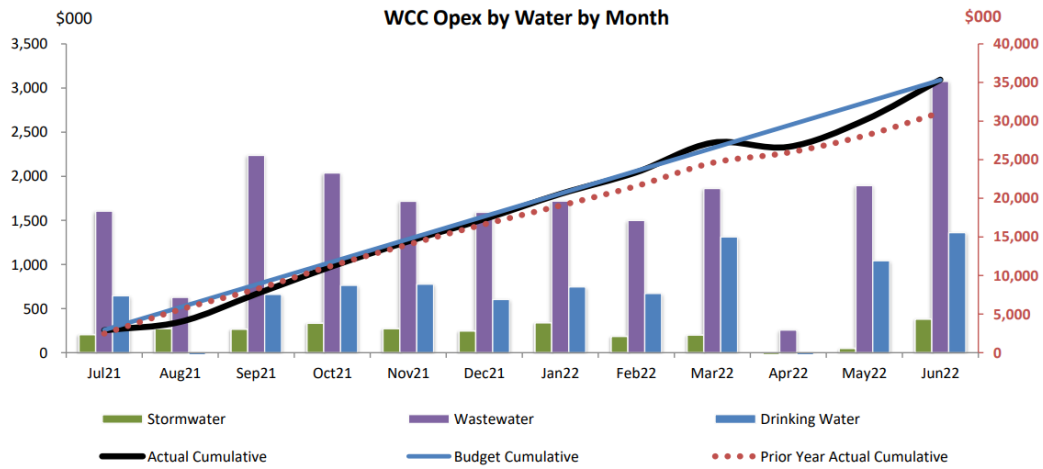
At the end of June, the full year capital spend came to \$62m including transfers from the Stimulus Funding Programme. This was within the capital range for WCC (\$55m-\$70m) and was \$2m (3%) under budget,

The main variances for the full year are for drinking water, reservoirs and wastewater. Higher than budgeted reactive renewals were the main driver under drinking water, with the Omāroro Reservoir project impacted by Covid and adverse weather. For wastewater, delays in the enabling works for the Taranaki Street Pump Station was the main driver.



Full year operational expenditure was 2% (\$612k) over budget. Full year stimulus funding in the maintenance workstream is \$5.5m and without funding from the Stimulus Funding Programme, the full year result would have been 17% (\$6.0m) overspend. Overspend in wastewater is largely offset by underspend in stormwater. With no surplus to transfer to the contingency fund, the reserve available for unexpected events next financial year is nil.





**Customer**

Our customer service rating for the quarter was an average of 72%.

In Q4 there was a reduction in the number of customer service requests from an all-time peak in Q3. This was primarily driven by very wet months in May and June. There was a considerable decline in the number of reported drinking water leaks which were lower than expected. Conversely, this contributed to a higher-than-normal number of stormwater investigations and responses to wastewater network issues.

Through investigations and repairs, we closed a total of 940 open leak repair jobs in Wellington City. This helped reduce the backlog from 806 to 584 and moderate our water losses over the quarter. Prolonged poor weather likely impacted these results and we expect to see an increase in reported leaks as weather improves.

Response times for non-urgent jobs is continuing to increase at a significant rate, and this will need to be managed moving forward.



## Key Issues

### Wastewater Treatment Plant improvement plan

Following the recommendations of the review of treatment plant management, we've been implementing improvements across delivery; contract, performance and asset management, and communications. We have a dedicated team working on this and reporting to a cross-council group of officers and iwi mana whenua representatives. Moa Point has a clarifier tank (one of three) out of service, unconsented discharges are occurring during heavy rain, and discharge quality is being affected due to the reduced clarifier capacity.

The reduced capacity is creating increased risk to the environment, and an abatement notice remains in place with respect to one of the discharge quality measures. The unusually high and sustained wet weather events has also presented challenges in managing treatment performance at the other wastewater plants and we have a team of process specialists working to optimise plant operations under all conditions.

### Fluoride treatment

We have worked at pace to restore fluoridation at the Te Mārua and Gear Island water treatment plants, and we are on track for a September resumption. We have installed standalone facilities at both plants which are going through testing before finally being brought into service. Wellington Water's Board and management have accepted, and are actioning, all the recommendations from the Independent Inquiry into the issue. We have significantly expanded our reporting to our owners and to the public on our fluoridation activities; introduced an assurance framework to ensure such an event does not occur again; and committed to the Inquiry's recommendation that Wellington Water should have a relentless focus on effective fluoridation.

## Business Improvements

Wellington Water's business planning process has been focused on identifying and supporting delivery of core services. We are also preparing for the transition over the coming two years. There is limited scope in the next two years for business improvements not related to core delivery or ensuring a successful transition.

## Three Waters Reform & Regulation

Wellington Water is committed to achieving the best long-run outcomes for customers, water and our people by ensuring that our people, our knowledge, and our data is applied where and when it is most effective, including through participation in national and local transition processes alongside our owners. We are engaging in a number of ways with the work of the National Transition Unit of DIA. Staff are on a number of reference groups and technical working groups, contributing practical knowledge and experience to the planning for the new water services entities. We are also engaging across Entity C with CEs meetings and the leadership group for the Local Transition Team.

In Q4 we responded to the NTU's Commercial and Legal Due Diligence information request together with PCC and GWRC. This was a significant amount of work to respond to 93 questions about our core assets and contractual arrangements so that the NTU can identify any significant commercial and legal risks to the transfer process.

WWL is actively engaging with councils to support each other through the transition process, including through the WWL and shareholder councils' Transition Working Group and Transition Steering Group.



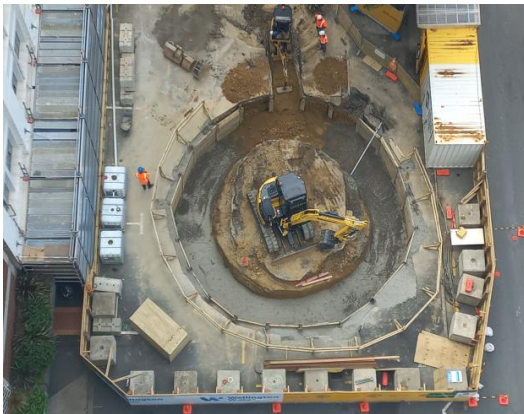
## Project Update

**Project:** CBD Wastewater Pump Stations & Rising Main (PS1 to PS7) Renewal & Upgrade

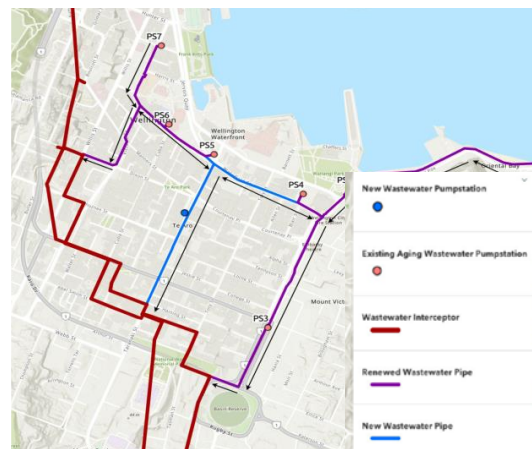
**Project Objective:** Renew and upgrade the CBD wastewater rising main network and pump stations to improve resiliency, increase network redundancy, and reduce risk to the environment.

### Progress Overview:

The programme is ongoing, with several projects being delivered in parallel. The programme of works is on schedule to be delivered over the next 5 years. LTP year 2 and 3 funding has been approved, which provides funding for the first half of the programme.



Taranaki St Pump Station Sept 2022. Piling Platform



Programme Extents

### Key Milestones:

**Taranaki Pump Station** - The pump station commenced construction in July 2022 and has a construction programme of 18 months. All temporary traffic management and site controls are in place and will remain for the length of the project. Major piling activity commences in late September 2022.

**Next Projects** – three projects will be commencing over the next 9 months, including:

- Wakefield Street new rising main, Tākina section construction from late October 2022 – 150m of new rising main on the north side of Wakefield St to commence. The team is working closely with the Tākina project team to interface works. Our work will be completed before Tākina’s Grand Opening in June 2023.
- Victoria Street existing rising main renewal, Te Matapihi – Library, section construction from April 2023 - ~150m of renewed rising main construction on the east side of Victoria St. The team is working closely with the Te Matapihi team to streamline our traffic management in the year. Our work is planned to be completed prior to the FIFA Women’s World Cup in July 2023.
- Taranaki Street, new rising main construction from Q2 2023 – 800m of new rising main along Taranaki Street.

### Further Projects

- FY2024 - Complete the new Taranaki Street rising main, remainder of Wakefield St new rising main and start the renewal of the balance of Victoria Street.
- FY2025 to FY2027 – Renew Rising Mains on Dixon Street, Wakefield St existing rising main, Oriental, Kent/Cambridge Terrace, and upgrade of pump stations.





## Project Update

**Project:** Omāroro Reservoir, Prince of Wales Park, Wellington

**Project Objective:** Construction of a 35 million litre, buried reservoir to provide seismic and operational resilience, and accommodate growth in Wellington City.

### Progress Overview:

All reservoir concrete works are complete, and the waterproofing system is currently being installed on the roof. The team are presently fitting out the access tunnel with the pipeline, valves, and electrical items. Partial backfilling has started at the pipe tunnel and an access ramp formed between the tunnel entrance and the top of Rolleston Street.

### Key Milestones:

- First fill of the reservoir will be completed by end of September with commissioning ongoing in October and November with the aim to be operational in December 2022,
- Earthwork backfilling works will start in October 2022 and continue through the summer period,
- We are on track for completion and handover to WCC parks team within the approved 3-year programme, and
- Budget is currently on track, but Covid has incurred additional cost, and this is currently under review.



*Completed reservoir structure and Access tunnel pipeline installation*



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## **WELLINGTON REGIONAL ECONOMIC DEVELOPMENT PLAN**

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### **Kōrero taunaki | Summary of considerations**

#### **Purpose**

1. This report to Pūroro Tahua | Finance and Performance Committee is to brief Council on a new economic development plan for the Wellington region.

#### **Strategic alignment with community wellbeing outcomes and priority areas**

Aligns with the following strategies and priority areas:

- Sustainable, natural eco city
- People friendly, compact, safe and accessible capital city
- Innovative, inclusive and creative city
- Dynamic and sustainable economy

#### **Strategic alignment with priority objective areas from Long-term Plan 2021–2031**

- Functioning, resilient and reliable three waters infrastructure
- Affordable, resilient and safe place to live
- Safe, resilient and reliable core transport infrastructure network
- Fit-for-purpose community, creative and cultural spaces
- Accelerating zero-carbon and waste-free transition
- Strong partnerships with mana whenua

#### **Relevant Previous decisions**

#### **Financial considerations**

- Nil       Budgetary provision in Annual Plan / Long-term Plan       Unbudgeted \$X

#### **Risk**

- Low       Medium       High       Extreme

Author	Anna Calver, Manager Economic Wellbeing and CCOs
Authoriser	Stephen McArthur, Chief Strategy & Governance Officer

## **Taunakitanga | Officers' Recommendations**

Officers recommend the following motion

That the Pūroro Tahua | Finance and Performance Committee:

1. Receive the information.

## **Whakarāpopoto | Executive Summary**

2. This report is to brief Wellington City Councillors around a new economic plan for the Wellington-Horowhenua region that has been developed over the past 12 months and was finalised in August 2022.
3. The Wellington Regional Economic Development Plan was created by local and central Government, iwi, and businesses, led by Greater Wellington Regional Council and WellingtonNZ.
4. The plan sets out the strategic direction, issues and opportunities, and guides where funding and support should go over the next 10 years.
5. It's about futureproofing the region, ensuring the region thrives economically, but also making it a great place for everyone to live, including our Māori and Pasifika communities. It's also about making sure wellbeing is viewed holistically and quality of life is improved.
6. The plan aims to guide the long-term direction of our economy and help the region to prioritise, fund, and deliver high impact economic initiatives over the next 10 years that, in turn, will help to:
7. Create some of the 100,000 new jobs needed in our region over the next 30 years, in line with population growth projections (200,000) in the Wellington Regional Growth Framework.
8. Improve quality of life by supporting our region to be more productive, resilient, inclusive, and sustainable with thriving Māori and Pasifika communities.
9. The plan was adopted by the Wellington Regional Leadership Committee, a partnership of local council Mayors, the Chair of Greater Wellington Regional Council, mana whenua representatives and Central government ministers. It is chaired by Hon. Tracey Martin.

## **Takenga mai | Background**

10. Set out the background to the issue and context. This should provide a brief explanation of the reason for the item, reference to any previous Council decisions (if applicable) and a summary of developments to date. If it is a short report, or there is no background to the decision then state "not applicable".
11. Modelling suggests an additional 200,000 people will live in the Wellington region within the next 30 years, which means approximately 100,000 jobs need to be created supporting that growth.
12. The Wellington Regional Economic Development Plan aims to accelerate key sectors to build on Wellington's competitive advantage and future opportunities. Focus sectors

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are screen, creative and digital; science, technology, engineering and high-value manufacturing; visitor economy and primary sector, food and fibre

13. It also focuses on key enablers - Māori economic development; skills, talent and education; water accessibility and security; and resilient infrastructure.
14. To support this strategy, 33 initiatives have been selected to help propel the economy into the future and are being supported to implementation.
15. The plan signals where the region believes central Government is best placed to help fund Wellington and gives everyone in the region a united direction.
16. The plan has strong alignment with Wellington City Council's Economic Wellbeing Strategy – including strengthening Wellington's screen, creative and digital innovation sectors, meeting skills gaps and supporting career pathways, developing Wellington as a visitor destination, Māori economic enablement and supporting the transition to a low carbon economy.

### **Kōrerorero | Discussion**

17. The economic development targeted rate collected by Greater Wellington Regional Council will be used to administer the plan and activate some projects, such as validating the case for investment or co-funding initiatives to leverage other complementary funding from private investors, local and central government.
18. The initiatives in the plan were reviewed against multiple criteria by an assessment panel, endorsed by the steering group and considered to be projects that, with support, can generate positive action.
19. It is expected other initiatives that address the issues and opportunities to be included in the future as they are identified.
20. The implementation will be plan will be led by WellingtonNZ, with oversight from the Wellington Regional Leadership Committee.
21. Currently there is no additional financial resource being requested of Wellington City Council as a result of the plan.

### **Ngā mahinga e whai ake nei | Next actions**

22. WellingtonNZ is now working with stakeholders to implement the plan.

### **Attachments**

Attachment 1. [Wellington Regional Economic Development Plan](#) 

Page 20





# Wellington Regional Economic Development Plan

AUGUST 2022 – 2032







Photo: Johnny Hendrikus

## About the Wellington Regional Leadership Committee (WRLC)

WRLC members have partnered to achieve better shared outcomes for Te Upoko o Te Ika. Our region faces many cross-boundary growth-related challenges. By joining forces, we can solve our regional challenges, maximise our potential, improve existing communities and develop new communities to be places where we all want to live and work.

The WRLC provides a platform to positively influence and drive the region's future, unlock opportunities and address shared challenges. We have three inter-dependent areas of responsibility:

1. Wellington Regional Growth Framework - WRGF Spatial Plan
2. Regional economic development
3. Regional economic recovery

We are looking at change from a systems-level, covering all inter-related aspects that underpin how we live and work. These include housing, infrastructure, transport, iwi/ Māori housing, climate change, resilience and economic development. The WRLC recognises that to progress regional economic development there is a need for a new approach and more dynamic and collaborative plan. We are focusing on better co-ordination and alignment across our region, to build a better future, together.

Photos on cover: Top left: Johnny Hendrikus | Top middle: Steve Unwin |  
Top right: Jay French | Middle left: Jeff McEwan | Bottom middle: Jeff McEwan

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# Foreword

## Our region's economic future

It is with pleasure that I present the Wellington Regional Economic Development Plan (REDP). This REDP has been delivered as part of the Wellington Regional Leadership Committee (WRLC) work programme. This is the first REDP for the committee and over time we will continue to build on this document.

The WRLC is a union of councils, iwi and central government in the Wellington-Wairarapa-Horowhenua region, formed to work together to positively shape the future of the region. The REDP covers this same geographical area.

The vision for this REDP is “to build a future-focused, creative, sustainable and thriving region for all to be proud of”.

Our approach focuses on:

- Acceleration of key sectors to build on our competitive advantage and future opportunities. Sectors we will focus on are screen, creative and digital; science, technology, engineering and high-value manufacturing; visitor economy and primary sector, food and fibre
- Acceleration of key enablers to build from solid foundations. These enablers are Māori economic development; skills, talent and education; water accessibility and security; and resilient infrastructure

At the heart of this REDP is an agreed set of initiatives that will enable us as a region to achieve our vision, strategic objectives, growth and employment in our region. These initiatives have received unified support from the committee to emphasise the importance to our region and will be reviewed by the committee on an ongoing basis to ensure the focus on relevant sectors remains strong.

This REDP has been shaped with input and critique from a large number of partners and stakeholders, including through workshops and one-on-one meetings, and was developed through a joint local government, central government, iwi and economic development partners steering group. It is all the better and stronger with this input and I thank all those who have contributed.

Successful implementation will be a job for us all – working together to make these opportunities a reality.

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### HON. TRACEY MARTIN

Independent Chair, Wellington Regional Leadership Committee



# Moemoea for the people of Te Upoko o Te Ika

Ka eke ki te taumata ikeike o Rangiatea  
*Ascend the highest summit of potentiality*

This whakatauāki encourages individuals to set goals and to strive, to the best of their ability. We feel this is relevant for all people residing in the takiwā (region), including mātāwaka - or Māori of other iwi and kāinga, and all cultures who have chosen Te Upoko o Te Ika as their home. Many whānau have contributed to our marae and the repatriation of our cultural practices, and to us as uri of the mana whenua. We acknowledge these relationships and the care we feel for their uri also.

Our expectation is that our takiwā is a positive place for all to reside. We see that the strengthening of mana whenua supports all to thrive – including Māori, uri of Te Moananui a Kiwa, and all other nations. It is difficult to manaaki manuhiri when you are not at full potential or with thriving wellbeing.

'Rangiatea' is a name of a building that resides in the uppermost heaven where the 'mareikura' and 'whatukura' resided. It is important to note that every iwi will have their own narratives, based on their respective whare wānanga as it highlights in the following saying, 'Tō piki amokura nōu, tōku piki amokura nōku'.<sup>1</sup>

Te Ahi kā roa tupua rau, he auripo i te manga nui, he kaitiaki ki te whenua

*The Ahi kā roa of many phenomena, a ripple in the great water tributaries, a guardian on the land*

Photo: A Waka Odyssey, 2018 New Zealand Festival. Photo by Matt Grace

Ahi kā is a reference to the fire that one must keep burning on their whenua, as a symbol or sign of their occupation of that whenua. Ahi kā is a metaphor too for the home people of the pā, who keep the home fires burning. The word 'kā' means to burn, kāinga which means home, derives from the kupu 'kā' - so another rendering of kāinga means 'where the fire burns' - where the ahi kā burns.

The ahi kā of the pā keep the ahi burning so when one returns home, they feel the warmth of the ahi, the warmth of our whare, the warmth of the wharekai.

As Māori it is important for whānau to make an effort to return home, more often than 'once in a while' - and not just for tangihanga. It is also important for them to take their tamariki and mokopuna so that they have a sense of belonging. It is our responsibility to continue to keep the 'ahi kā' going from one generation to the next, so that our children and mokopuna continue to carry on the roles and responsibility of 'ahi kā'. If our tamariki or mokopuna do not feel the warmth of the ahi, it is our responsibility to get them closer to that fire, to bring them home and remind them of the responsibility as 'ahi kā roa'.

## KURA MOEAHU

Tiamana/Chairman of Te Rūnanganui o Te Āti Awa ki te Upoko o Te Ika a Māui Inc



# Interlinking strategies in Te Upoko o Te Ika

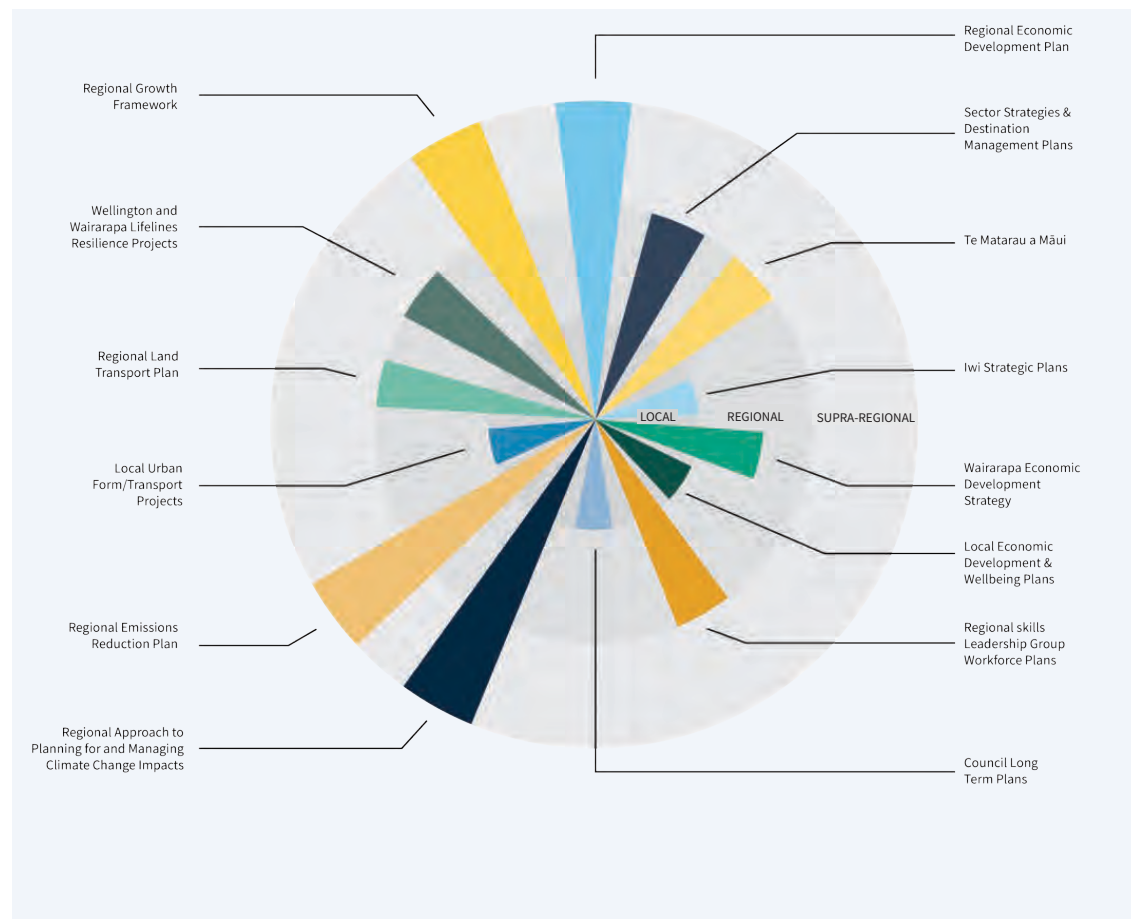
At first, we must consider how our plan is positioned and its relationship with other strategies and plans across the wider region with economic impacts.

This diagram highlights the importance of agencies working across boundaries to ensure that strategies and plans integrate, information sharing occurs, and we achieve scale when collaborating on regional and national economic development projects. It is not a hierarchy but rather shows the link between those plans, our local communities, and how they support and intersect with each other.

The Wellington Regional Growth Framework and Regional Economic Development Plan sit in the supra-regional sphere. This includes territorial authorities and iwi across our region as well as central government.

At a regional level we include Te Matarau a Māui, Destination Management Plans and the Regional Land Transport Plan as reflecting the scope of our whole region. Sector strategies of relevance are included as one grouping. There are also several sub-regional plans, providing regional benefits across localities but with a narrower geographic focus, such as the Wairarapa Economic Development Strategy.

There are then local plans which remain important though governed at local level. Importantly, these include any local economic development or wellbeing plans and council long-term plans, district plans and iwi strategic plans.



# Purpose

Our Regional Economic Development Plan will guide the long-term direction of our economy, identify issues and opportunities in key focus areas and help prioritise initiatives over the next 10 years, to contribute towards creating decent jobs for our growing population and continuously improving quality of life in our region.

We aim to help:

1. Create some of the 100,000 new decent<sup>2</sup> jobs needed in our region over the next 30 years because of the expected increase in population
2. Improve quality of life by supporting our region to be more productive, resilient, inclusive and sustainable with thriving Māori and Pasifika communities

We will initially do this by elevating 33 initiatives that will make a difference from a regional or sub-regional perspective. These will complement and not replace individual local development plans and generally require alignment of multiple councils, iwi, business stakeholders and central government.

We heard a strong emphasis on the need for action while engaging with a range of stakeholders and iwi. This plan is a cluster of opportunities and the concrete steps which, if pursued together, will boost the prosperity of our region. It is both a strategy and an economic action plan – with enough detail to guide and enough vision and direction to lead.

The plan is intended to be a living document that will evolve and adapt as conditions change, relationships are built, and new initiatives come to the surface that address some of the issues and opportunities identified. We intend to refresh this plan every one to two years to maintain momentum and focus. A well-connected region with an agreed plan will help us and potential funders know what regional priorities could be supported.

This is about building a better future for our residents and our region, the place we call home.

Photo: Jet Productions





# Introduction

One of six challenges identified in the Wellington Regional Growth Framework (WRGF) is creating more employment opportunities for our projected population increase.<sup>3</sup> As our regional population grows, we'll need to create more decent jobs closer to where people live, along with sustainable transport networks.

Research undertaken for the WRGF suggests a scenario of up to 200,000 additional people living in the Wellington-Wairarapa-Horowhenua region in 30 years' time, leading to a need for about 100,000 more jobs. This would equate to a regional population of 780,000 people, however there is no certainty as to if or when this may occur.

## How the plan was developed

Our plan has been created on behalf of the region by WellingtonNZ as the regional economic development agency, in partnership with representatives from across central and local government, iwi and business. The process included the following:

- In mid-2021, Henley Hutchings analysed more than 300 documents and data sources<sup>4</sup> that relate to economic development to identify sectors, enablers and areas of alignment to provide the foundations for our plan
- In October 2021, a steering group made up of representatives from across central and local government, Māori economic development and business was formed to lead the development of our plan, guided by the central government PRISM Framework<sup>5</sup>

- Te Matarau a Māui representatives led development of the Māori economic development chapter and supported the alignment of our plan with the Te Matarau strategy. Local rangatira Kura Moeahu, and AATEA Solutions Director Hinerangi Edwards, supported the steering group to ensure our plan reflected learnings through the lens of mana whenua
- There have been many engagements and discussions across our region to identify the overarching Wellington regional economic development framework and key focus areas, clarify the issues and opportunities, and gather information on potential initiatives that will make a difference
- In April 2022, we received independent advice from Martin Jenkins for consideration, including data analysis, key trends, drivers and strategic uncertainties. The Martin Jenkins Independent Review and Advice – Final Report 11 April 2022 forms the bases of the statistics referenced in this plan.<sup>6</sup> A regional snapshot with data and insights is available on our website
- We agreed to focus on areas that can be influenced in key sectors to build our competitive advantage and key enablers to create solid foundations for building our diverse regional economy
- The steering group members and WellingtonNZ staff then developed the chapters for each key focus area, informed by all of their collective business networks and industry knowledge
- In May 2022, the WRLC approved the overarching Wellington regional economic development framework. Potential initiatives were assessed and prioritised by an assessment panel and endorsed by the steering group
- In July 2022, the WRLC approved this plan



# Regional summary

Our region is an important location for Aotearoa and New Zealanders. Wellington is the head of the fish of Maui, the harbour – Te Whanganui-a-Tara and Wairarapa Moana are the eyes of the mythical fish, and the great bay between them is the fish's mouth.

Māori have lived in Te Upoko o Te Ika since the time of Maui, Kupe, and Whātonga – and more than 80,000 live in our region today – constituting more than 14% of the region's population.<sup>7</sup> Sixteen percent affiliate to one or more of the mana whenua groupings of Ngāti Kahungunu ki Wairarapa, Taranaki Whānui ki te Upoko o Te Ika, Ngāti Toa Rangatira, Te Ātiawa ki Whakarongotai, Ngāti Raukawa ki te Tonga, Muaūpoko and Rangitāne o Wairarapa.

Our region has strong cultural connections, with more than 20 marae and 39% of Māori adults speaking some Te Reo. Māori-owned entities play a key role in commercial property, housing and social developments, and Māori in business have a strong presence in the screen, technology, business services and food and fibre sectors. Mātauranga Māori knowledge and Te Ao Māori perspectives have an increasing and important role to share knowledge and support better outcomes for all.

With an abundance of opportunities, our region offers a great lifestyle for residents. It is culturally, economically, and geographically diverse, and our cities, towns and transport networks are shaped by stunning natural landscapes, including rivers, harbours, hills, ranges, valleys and coastlines.

In 2021, our regional GDP was estimated at about \$44.87 billion, about 13.7% of the national economy, and our region provided around 310,000 jobs or 12.1% of national employment.

Our region has seismic resilience challenges, with a higher risk of exposure to earthquakes compared to the rest of New Zealand and ongoing discoveries of structural vulnerabilities.<sup>8</sup> This impacts the insurability of our buildings and makes achieving compliance with regulatory requirements challenging, making it uneconomical to complete the required strengthening and repair work on some buildings. A significant earthquake would create serious economic and social disruption for our region and beyond, and we need to proactively enhance our resilience where possible to reduce risk to our economy.

We have a strong base of innovation and technical skills, with 47% of our workforce employed in knowledge-intensive occupations compared to a national average of 33% in 2021, and the largest research, science and innovation workforce in the country. Our industry make-up and relatively high levels of education mean we are well-placed to adapt to changes in the future of work.

Wellington, as the capital of New Zealand, is the home of Government and associated professional services, which make up a quarter of jobs in our region. Our plan aims to leverage our capital city status and focus on key sectors and enablers that can be influenced to shape our diverse regional economy.

The key sectors of focus identified in the research were validated with industry and our steering group, and include screen, creative and digital; science, technology, engineering and high-value manufacturing; visitor economy; and primary sector, food and fibre.

Performance of our key sectors, and therefore our region, depends on the quality of the underlying enablers of prosperity and wellbeing. The key enablers include Māori economic development; skills, talent and education; water accessibility and security; and resilient infrastructure.



Successful enterprises of all sizes and sectors have started out in our region, including Wētā Workshop, Sharesies, Fix & Fogg, Hnry, Fraser Engineering, Port Nicholson Fisheries, Kapiti Island Nature Tours, Whittaker's, Farm Focus, Merino Kids, Storypark, Goodnature and more. Innovative and high-value businesses excelling in global markets are key to our region's success, and we want to enable enterprises like these to continue flourishing while supporting new start-ups to establish and grow into market leaders.

A summary of our region, based on the data, key trends, drivers and strategic uncertainties, is included below. A more detailed regional snapshot and references to supporting evidence is available on our website.



## Our region has:

- High levels of earnings and incomes. In 2021, the mean annual earnings (\$73,500) and mean household income (\$128,800) in our region were higher than national levels (\$65,900 and \$113,700 respectively)
- High productivity levels, at about \$143,500 compared to \$124,900 nationally (2021 estimates from GDP per employee). Rural areas, including Carterton, South Wairarapa and Horowhenua, have had the strongest productivity growth in recent years
- GDP per capita above the national average. However, GDP per capita growth for the period 2010-2020 has been one of the lowest of all regions at 2.8% per year, only above growth achieved in the West Coast and Taranaki
- Scale in several high productivity sectors such as information media and telecommunication, financial and insurance services, and utilities. Several of our lower productivity industries are small in scale, such as agriculture, forestry and fishing
- A lower emissions profile than other comparable regions (Auckland and Canterbury). However, evidence shows that increasing greenhouse gases are contributing to higher temperatures and that our region is particularly vulnerable to the economic and environmental impacts of climate change, so we must do our bit to lower emissions. Moving to a low carbon economy means reducing carbon dioxide (CO<sub>2</sub>) emissions produced or consumed by our regional economy to an acceptable level
  - Wairarapa, which accounts for about 8% of the population, accounted for 34% of our emissions in 2020. In the same year, Upper Hutt, which had a

similar sized population, only accounted for 4% of emissions, and Wellington city, which accounts for just under 40% of the population, contributed about 20% of our emissions

- Transport accounts for the largest share of emissions, followed by agriculture and then stationary energy. Industry and waste account for less than 5% of total emissions respectively. Most of the agriculture emissions are from Wairarapa and Horowhenua
- A successful capital city that has flow on benefits across our region. We can be proud that Wellington, as our capital city, was ranked:
  - 7<sup>th</sup> safest major urban area in the world in The Economist's Safe Cities Index 2021,<sup>9</sup> which considers digital, health, infrastructure, personal and environmental security
  - 50<sup>th</sup> most liveable city (out of 173) in the Global Liveability Index 2022, by the Economist Intelligence Unit (down from fourth in 2021)<sup>10</sup>
  - 98<sup>th</sup> out of 500 on the Innovation Cities Index Global Rankings Programme 2021.<sup>11</sup> The Innovation Cities Index measures and compares cities across all business innovation, including sustainability, technology/digital, entrepreneurship and many more indicators

We also have:

- A high quality of life. In 2020, 89% of our region's residents rated their quality of life as positive compared to the national average of 87%. However, only 56% of residents reported having enough or more than enough income to meet their everyday needs in 2020. The ability to meet every day needs is likely to get worse as the cost-of-living/ Consumer Price Index increases, global supply chains are affected by the global pandemic, and strained international relations lead to global consequences<sup>12</sup>
- Regional disparities. For example, Wellington city contributes more than 60% of GDP and has high mean earnings (\$82,700) with the other local government areas having mean earnings lower than the New Zealand mean (with relatively low mean earnings in rural areas)
- An unemployment rate of 4.5% in 2021, just below the New Zealand rate of 4.7%. Unemployment represents unfulfilled potential in our region. Unemployment and underutilisation vary considerably across the region with Māori and Pasifika experiencing higher levels of unemployment and Pasifika having lower labour participation compared to European and Asian people. For example, in 2021, the unemployment rates in our region were 7.9% for Māori and 7.5% for Pasifika, compared to 3.7% for European and 4.8% for Asian. Horowhenua, Porirua and Wellington city have relatively high unemployment rates compared to other territorial authorities in our region. Our plan aims to address these variations through helping to reduce disparities

## Impact of Covid-19

Our region was relatively insulated from the economic impact of the Covid-19 pandemic and our employment rate did not fall as significantly as other regions, partly due to our diverse industries. However, the pandemic has and will continue to have long-term impacts, including skills shortages through border closures, sector innovation, population changes, the normalisation of flexible remote working and desire for greater work/life balance.

While not every industry can implement new, flexible ways of working, these changing habits and perceptions present opportunities for others. Changing ways of working, shopping and accessing services are likely to continue to influence the nature of business, especially in Wellington city, as central government employees have greater options to work remotely from home or in the satellite offices being developed in Porirua and the Hutt Valley. We need to consider unique and exciting ways to activate city centres across our region to create vibrancy and attract people to be out and about supporting our regional economy.

Societal values and consumer preferences are also evolving in the face of Covid-19 and wider global trends. Key changes include communities being more conscious about environmental, social and cultural sustainability, and consumers looking to support local enterprises with a greater focus on equity, such as living wage accreditation or sustainability standards.



**7<sup>TH</sup> SAFEST MAJOR URBAN AREA IN THE WORLD**



**GDP PER CAPITA ABOVE THE NATIONAL AVERAGE**



**50<sup>TH</sup> MOST LIVEABLE CITY IN THE WORLD**



**98<sup>TH</sup> ON THE INNOVATION CITIES INDEX**



**HIGH LEVELS OF EARNINGS AND INCOMES**

The mean Wellington household income was \$128,800, compared to \$113,700 nationally in 2021



**LOW EMISSIONS PROFILE**

Compared to similar regions like Auckland and Canterbury



**HIGH PRODUCTIVITY LEVELS**

At \$143,500 compared to \$124,900 nationally in 2021



**HIGH QUALITY OF LIFE**

89% of our region's residents rated their quality of life as positive





# Overarching Wellington regional economic development framework

Ngā moemoea  
Vision

To build a future-focused, creative, sustainable and thriving Wellington region for all to be proud of  
*Ka eke ki te taumata ikeike o Rangiatea | Ascend the highest summit of potentiality*

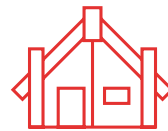
Ngā pou  
Strategic Objectives



To be a leader of change using our competitive advantage in key sectors



To build a prosperous and creative region to improve our quality of life



Te Ahikāroa will enhance and empower the takiwā of Te Upoko o Te Ika



To build our workforce and resilience in our infrastructure to support economic development



To support a transition to a low carbon economy and responsibly manage our natural resources for future generations

Ahunga  
Approach

Acceleration of key sectors to build on our competitive advantage and future opportunities

Acceleration of key enablers to build from solid foundations

Ngā mahi  
Focus areas/  
actions

- Screen, creative and digital
- Science, technology, engineering and high-value manufacturing
- Visitor economy
- Primary sector, food and fibre
- Māori economic development
- Skills, talent and education
- Water accessibility and security
- Resilient infrastructure

# Vision

## OUR VISION IS

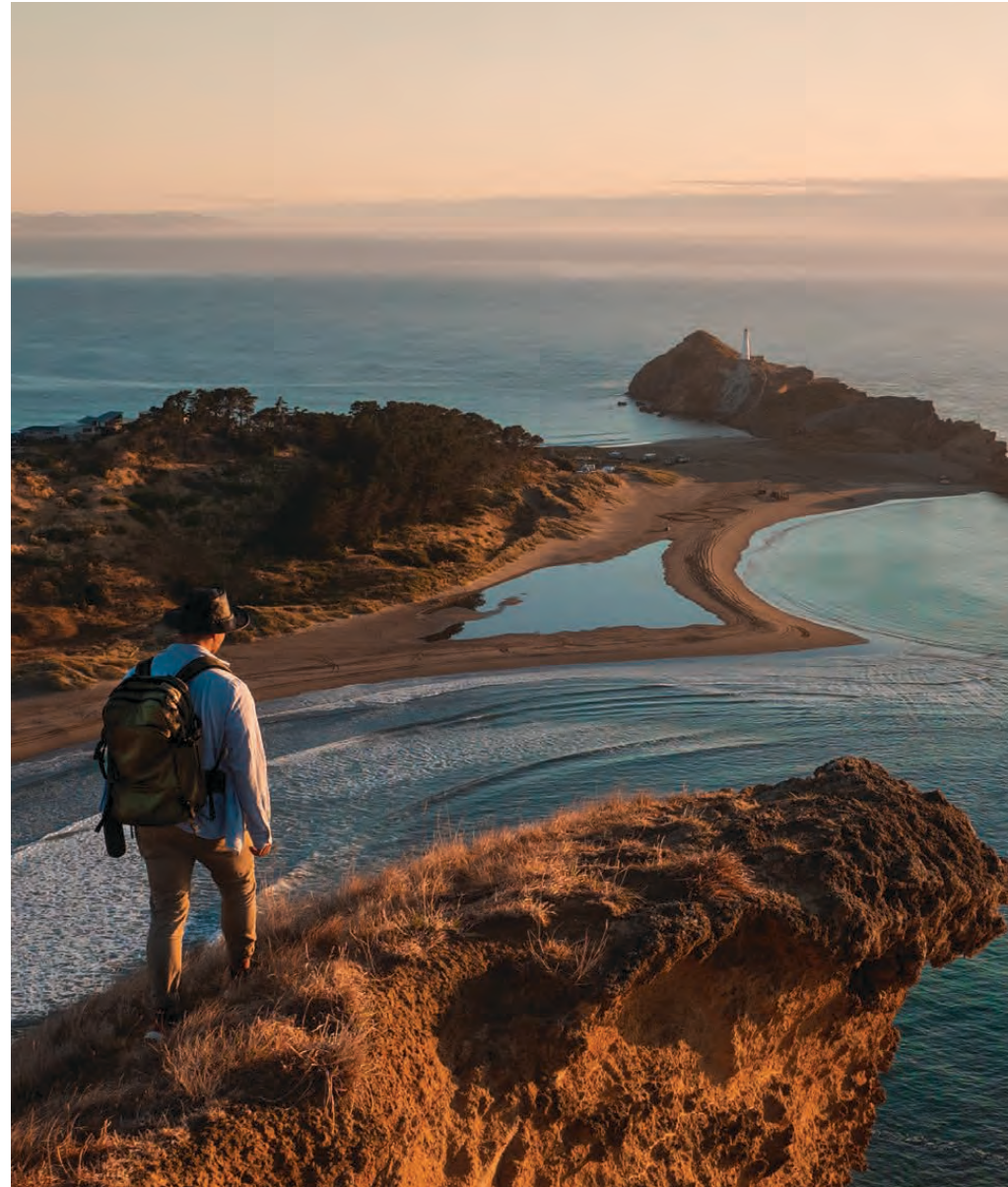
**"to build a future-focused, creative, sustainable and thriving Wellington region for all to be proud of."**

We are collectively aiming for an entirely better life and world in its broadest sense for all our children and mokopuna.

Our vision is based on feedback from the Wellington Regional Leadership Committee, iwi and communities. The reason for each aspect is:

- **Future-focused** – We are a region full of aspiring leaders with a drive for positive change locally, nationally and globally
- **Creative** – Creativity is in our DNA, as demonstrated through our creative arts, events, food, fibre, technology and manufacturing
- **Sustainable** – Our region is vulnerable to the economic and environmental impacts of climate change and we support a transition to a low carbon economy
- **Thriving region for all** – We recognise disparities exist across our sub-regions and ethnicities, and aim for our region to be inclusive to all, so every resident enjoys a high quality of life and good overall wellbeing<sup>13</sup>

All communities require economic health and development to thrive. A resilient and diverse economy is one where community members have choices, access to decent jobs and wages, and employment prospects over the long-term.



# Strategic objectives

After careful consideration of the opportunities and challenges we have heard about, we have decided on five broad strategic objectives of importance across our region.



## 1.

**To be a leader of change using our competitive advantage in key sectors**

Through innovation, partnerships and supporting our diverse sectors we will enable our region to be internationally competitive and highly productive, therefore contributing to our positive global reputation.



## 2.

**To build a prosperous and creative region with improved quality of life**

We recognise our urban and rural potential, as well as variations in wellbeing across our region, and seek to create an enabling environment for the positive standard of living we all aspire to. While our regional economy performs strongly in some areas, there are wide disparities, especially for Māori and Pasifika.



## 3.

**Te Ahikāroa will enhance and empower the takiwā of Te Upoko o Te Ika**

Ahikāroa are those who stoke the home fires, overseeing the cultural vibrancy of their respective takiwā. Initiatives including those led by Te Matarau a Māui, mana whenua and mātāwaka will support Māori to thrive and lead to greater outcomes for all in our region.



## 4.

**To build resilience in our workforce and infrastructure to support economic development**

We need to attract, retain and develop our workforce to meet increasing demand and grow our industries. By developing resilient infrastructure, we create new opportunities and minimise impact to our regional economy from future disruptions such as earthquakes.



## 5.

**To support a transition to a low carbon economy and responsibly manage our natural resources for future generations**

We have an opportunity to be a national leader in the deployment and adoption of climate change technology. We support initiatives that lower overall carbon emissions, to protect the wellbeing of the people and environment in our region both now and in the future.



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# Approach

To deliver our agreed objectives, our plan focuses on two key areas:

**1. Accelerating key sectors to build on our competitive advantage and future opportunities**

The following sectors have been identified because of potential growth opportunities, annual average growth over the last decade, creation of skilled employment, and contributions to our regional identity. These sectors are:

- Screen, creative and digital
- Science, technology, engineering and high-value manufacturing
- Visitor economy
- Primary sector, food and fibre

**2. Accelerating key enablers to create solid foundations for building our regional economy**

The following enablers have been identified because they unlock, leverage and build resilience in our businesses, iwi and communities. These enablers include:

- Māori economic development
- Skills, talent and education
- Water accessibility and security
- Resilient infrastructure

We have focused on key sectors and enablers that can be influenced to shape our diverse regional economy. Other sectors have been considered such as central government and professional services, but their size and potential growth are mainly influenced by factors outside of our region's control.

Health and construction are also potential growth sectors, though opportunities are largely workforce-related and subsequently included in the Regional Workforce Plan recently developed by the Regional Skills Leadership Group.

Future development areas were identified in the WRGF.<sup>14</sup> For consistency we have used the terminology in this plan where appropriate:

- Western Growth Corridor refers to the area from Tawa to Levin
- Eastern Growth Corridor refers to the area from the Hutt to Masterton
- Wellington Growth Corridor refers to the Wellington city area

To achieve our vision, we need to remain inclusive, innovative and future-focused. Implementation will require contributions from central and local government, iwi and hapū, businesses, education and research providers.



# Sectors and enablers

Each of the sectors and enablers have different contexts, complexities, opportunities, issues and stakeholders. The following chapters have been developed with a focus on outlining the issues and opportunities to set direction. The initiatives were reviewed against multiple criteria by an assessment panel, endorsed by the steering group and considered to be projects that, with support, can generate positive action.

The economic development targeted rate collected by Greater Wellington Regional Council will be used to administer the plan and activate some projects, such as validating the case for investment or co-funding initiatives to leverage other complementary funding from private investors, local and central government.

The first set of initiatives included in each chapter is a start that will help to create new jobs and achieve the strategic objectives. We expect other initiatives that address the issues and opportunities to be included in the future as they are identified. The initiative tables include estimated timeframes and stages that range from planning, research and advocacy through to developing business cases, attracting investment and project delivery. Project leads are expected to undertake detailed planning and manage effective projects or programmes.

Icons are used to indicate which of our strategic objectives (SO) each initiative contributes to, based on the key to the right.



Be a leader of change using our competitive advantage in key sectors



Build a prosperous and creative region to improve our quality of life



Te Ahikāroa will enhance and empower the takiwā of Te Upoko o Te Ika



Build our workforce and resilience in our infrastructure to support economic development



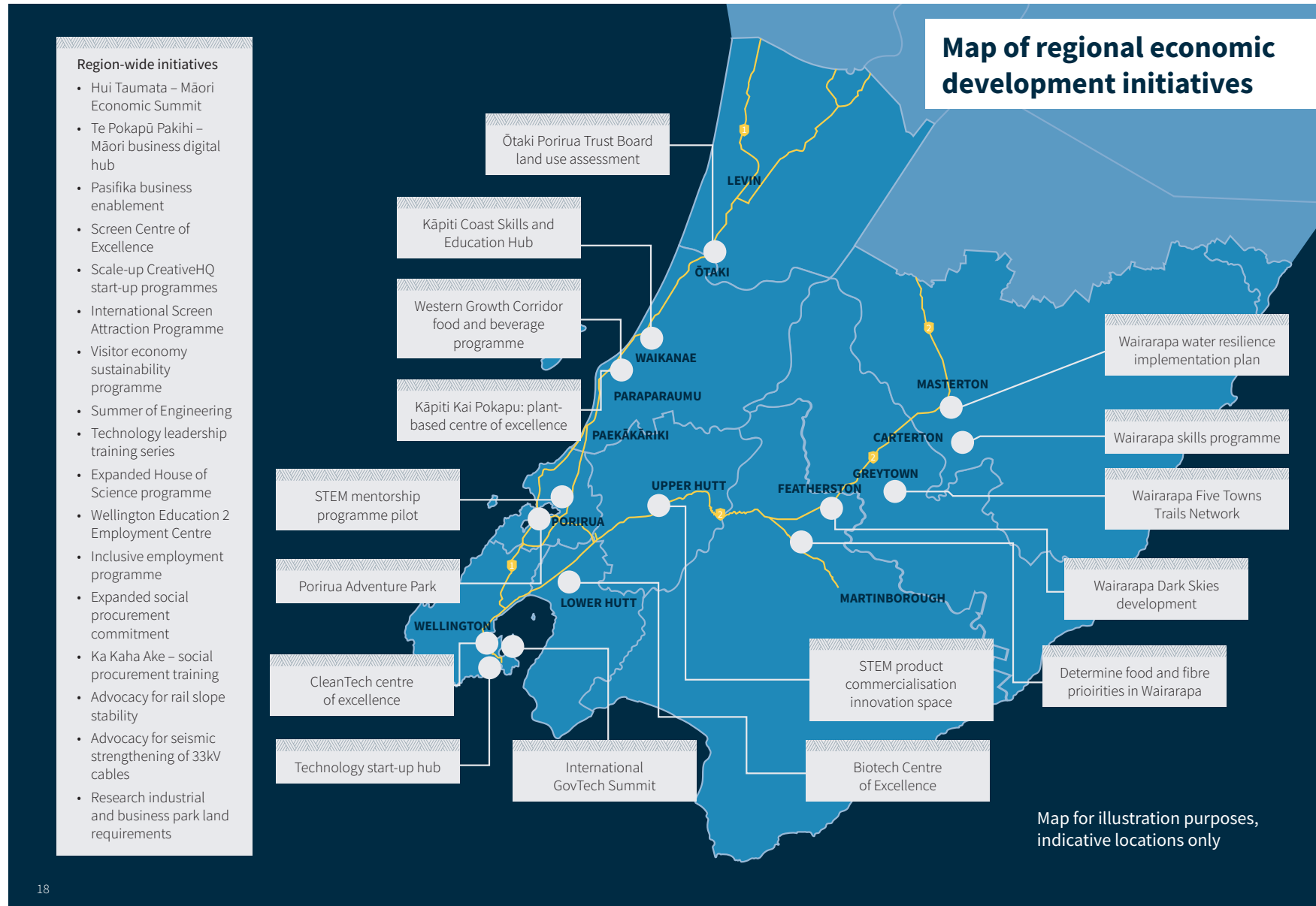
Support a transition to a low carbon economy and responsibly manage our natural resources for future generations

The following map indicates how the initiatives are spread across our region. While some initiatives are place-based, each initiative has been identified as an opportunity that will have a positive impact across our region.

Several initiatives focus on shared spaces, centres of excellence or innovation hubs. These are recognised approaches<sup>15</sup> to enable firms to develop and commercialise value-added products or services for local and export consumer markets, share learnings and support innovative Kiwi businesses of all sizes to grow.<sup>16</sup>









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SECTOR

# Screen, creative and digital



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The screen, creative and digital sector can be defined as companies and individuals creating narratives, content and ways in which it is consumed. Screen production covers film, television series, games, interactive media, animation, visual effects, sound and other storytelling processes and mediums, plus software and hardware platforms used for the creation and consumption of compelling moving images and associated content.

Our region has a proud history in the creatively and culturally important screen sector. We are best known as home to The Lord of the Rings films, King Kong, Avatar, a globally recognised visual effects, post-production and physical effects sector, and local television talent including Flight of the Conchords and Wellington Paranormal. Gaming is an emerging area of growth and our region has a growing gaming industry which leverages the experience and facilities developed by our film effects expertise.

We have high quality purpose-built studios and directors and crew with experience working on high-profile and highly technical projects. We have one of the major global visual effects studios, Wētā FX, employing nearly 2,000 highly skilled crew whose work generates export earnings and significant ripple effects across our regional economy. As one of our region's largest private sector employers, Wētā FX operates in a highly competitive and mobile international sector, with a talent base in high demand around the world. Many of the company's crew have gone on to create innovative products and businesses in our region and around New Zealand.

Our two universities, Victoria and Massey, are heavily invested in training the next generation of film-makers, and both have cutting edge facilities for student and commercial projects. We also have a rich array of locations including beaches, wilderness, mountains, industrial and suburban, which can be accessed within a short drive from our studios.

Wellington is a UNESCO City of Film, which provides the sector with a competitive advantage that benefits our region. In a recent survey<sup>17</sup> 71% of Wellington businesses agreed that we need to leverage our capital city status to attract more visitors and tell our national and local stories. The UNESCO Creative Cities programme and its network promote, demonstrate and reinforce the role of creativity as a catalyst for building more sustainable, resilient and inclusive cities. The programme improves access to and participation in cultural life as well as the enjoyment of screen culture, goods and services, notably for diverse, vulnerable groups and individuals.

Our region has become the centre of New Zealand's digital and gaming community over the last two decades, due in part to our innovative and successful screen industry.<sup>18</sup> Screen is predominantly a service-based sector, which conservatively generated \$261 million of GDP for our regional economy<sup>19</sup> in 2019 and accounts for 22% of the 14,000 screen sector employees across New Zealand.<sup>20</sup>

The sector's growth in our region has mainly been in post-production. A Wellington Regional Screen Sector Strategy<sup>21</sup> has been developed to encourage higher performance for employment, earnings, and productivity. The strategy identifies an opportunity for an additional 680 decent jobs and \$88 million GDP to be created for our regional economy.



## Issues and opportunities

There are six key issues and opportunities to grow and maintain a sustainable and thriving screen sector.

**1. Industry stability to grow and scale** – The sector is predominantly made up of small, fee-for-service-based businesses operating within a work stream of larger but intermittent projects. The cyclical and unpredictable nature of these projects means a lack of continuous work, producing significant uncertainties over workflow and therefore making the sector unstable. This can create an inability to plan and retain talent, which limits growth and keeps the sector in a state of constant reaction.

Investment into the early-stage development, creation and export of local intellectual property will lead to companies of scale with international partnerships and the ability to create new, high-value opportunities and economic returns beyond one-off projects. Support is required to establish new sources of funding to enable more diverse projects to take off, new business models to thrive, and more talent to be sustained in the sector.

**2. Improved co-ordination** – Our screen sector needs to improve its alignment and coordination because it has the potential and reputation to be a beacon for content and innovation for the world. A better connected eco-system will ensure opportunities are created for all areas of the sector, including research and development, export and investment partnerships, and education and training opportunities.

Implementing the Wellington Regional Screen Strategy will help co-ordinate, unify and provide direction to the sector, stakeholders and opportunities of cross-collaboration between sub-sectors.

**3. Raise awareness** – Our region's unique screen sector offering needs to be better communicated to New Zealand and the world. Support is required to:

- Raise awareness of the value to our region and the New Zealand economy

- Raise awareness of our region's offering and the content produced here
- Partner with iwi and mana whenua to embed Te Ao Māori into the screen sector and develop new opportunities for indigenous storytelling
- Attract investment, suitable projects, and build enduring export partnerships
- Attract, secure and retain talent to develop a robust workforce
- Raise the value of Wellington as a creative region to visit and live

**4. Improve access and ease of doing business** – Sustained effort and investment is required to retain our 25-year film-friendly reputation and ensure our region remains known as an attractive and easy place to do business. A particular focus is needed to support local councils to make informed decisions on changes to land use, permitted activities and other related local government bylaws and directives, to ensure that screen production is supported and not adversely affected or restricted.

More support is required to scale up the sector, including connecting game development and interactive media opportunities to forge new frontiers in the convergence of film, gaming and interactive content mediums and technologies to create new, exportable intellectual property.

**5. Attract and retain high-value workforce** – Talent attraction has been increasingly difficult during the Covid-19 pandemic, and with borders reopened talent retention is an added challenge. The successful growth of screen in other regions has led many crew and line producers to relocate permanently, making our region less attractive to international productions that rely on access to local talent. Jobs in this sector are high-value and rewarding, and there is an opportunity to promote careers throughout the pipeline from school age through to adults looking for a career change.






These five opportunities and the actions outlined in the initiatives below can start to connect the nexus of storytelling, digital technology and business development opportunities to scale the sector for our region and New Zealand as a weightless, equitable and exportable industry.

**6. Central Government funding** – The screen sector, at every level, draws on Government support through a rebate scheme to support local productions, assist talent development initiatives, and enable co-investment into and attraction of international productions, post-production and visual effects work. The Government is currently reviewing its screen investment schemes. Any significant changes to funding settings could have a major effect on the viability and sustainability of our region's screen sector over time so can be viewed as both an opportunity and a risk.

The six opportunities and the actions outlined in the initiatives can start to connect the nexus of storytelling, digital technology and business development opportunities to scale the sector for our region and New Zealand as a weightless, equitable and exportable industry.



Photo: Johnny Hendrikus

SO	Opportunity	Actions	Lead	Key partners	Estimated timeframe	Stage
<b>Strengthen and grow our regional screen sector</b>						
    	<b>Screen Centre of Excellence</b> Develop a Screen Centre of Excellence as a central, physical hub that allows all aspects of the creative and digital sectors to come together in a fully equipped 'weightless' business development and content creation facility, contributing to building the eco-system and addressing challenges and opportunities for the sector.	Grow the screen eco-system online and generate support towards sharing a physical space	Screen Wellington	WCC, GWRC, mana whenua, other centres of excellence, Callaghan Innovation, MBIE, MCH, private sector, Toi Mai WDC, tertiary institutes, CHQ, NZ Film Commission, NZ On Air, UNESCO City of Film, Business NZ and Export NZ	2022 – 2023	Planning
	The centre will introduce mātauranga Māori and tikanga into future screen technologies, develop internship programmes with a specific focus on rangatahi, and lead cultural experiences through sharing our narratives. It aims to inspire and support entrepreneurship, incubate high-growth businesses, provide an accessible community space to raise awareness and create an opportunity for all to engage with the sector, including international visitors	Develop a business case for the Screen Centre of Excellence, including early analysis of a physical space			2022 – 2023	Business case
		Secure partnership commitments from public and private entities			2023 – 2024	Investment attraction
		Secure a suitable complex to establish the Screen Centre of Excellence (should it prove feasible)			2024 – 2025	Delivery
	<b>International Screen Attraction Programme</b> To support growth of the screen sector in our region we can help attract international projects, improve the ease of making a production here, and support the development of our local producer and director talent who are likely to create the next generation of Wellington region-made television and streaming service shows and films. These initiatives will contribute to a steadier pipeline of work, helping to attract and retain a high-value workforce	Establish a steering group to represent what our region has to offer, identify skill gaps, improve co-ordination and establish the practical development requirements to support a sustainable eco-system of productions	Screen Wellington	Toi Mai WDC, screen sector representatives	2022 – 2023	Investment attraction
		Develop and deliver the international screen attraction programme including famil trips for location scouts, a showreel promoting why producers should consider our region, and promotion of the creative businesses that support the sector			2022 – 2023	Delivery
		Develop and deliver the ease of business improvements programme including a searchable database of filming locations, a crew database that producers can use to find staff and an efficient permitting service			2022 – 2023	Delivery
		Develop and deliver a talent programme to upskill our producers in pitching projects, connect local talent with screen companies and raise the profile of emerging talent			2022 – 2023	Delivery

SECTOR  
SCREEN, CREATIVE & DIGITAL

SECTOR

# Science, technology, engineering and high-value manufacturing (STEM)

STEM is a growing sector of importance for our region to support improved productivity and population growth. For the purposes of this plan, maths is included in all components of STEM and we have identified technology as a particularly strong focus area. These focus areas are outlined in the next two sub-chapters, with initiatives grouped together at the end.



## Science, engineering and high-value manufacturing

With New Zealand long-known for a history of “Kiwi ingenuity”, our region has carved a reputation for high-tech, high-value and manufactured design enabled by science, technical expertise, engineering skills, and innovations in metal, plastics, composites, and new materials. For example, Fraser Engineering<sup>22</sup> builds and distributes fire trucks to the world and WEBBCo<sup>23</sup> built the first all-electric carbon free passenger ferry operating in the Wellington harbour.

The sector contributes \$5.49b<sup>24</sup> to our regional GDP and accounts for about 28,169<sup>25</sup> jobs. Key contributors to GDP include computer systems design and related services \$1.53b, engineering design \$477m, scientific research services \$238m, scientific testing and analysis services \$101m, other machinery and equipment manufacturing \$102m, and veterinary pharmaceuticals and medicinal product manufacturing \$60.5m.

Our region has the largest research, science and innovation workforce in the country with 6,315 workers compared to Canterbury’s 4,856 and Auckland’s 4,675, and the second highest proportion of this workforce relative to total employment with 2% compared to 0.9% across New Zealand. We are the main home of Callaghan Innovation, New Zealand’s innovation agency which focuses on activating innovation and helping businesses grow faster for a better New Zealand. For example, the Innovation Quarter in Gracefield, Lower Hutt, is a high-energy environment with world-class, state-of-the-art facilities, workshops, pilot plants, labs and equipment.

High-value (advanced) manufacturing largely happens in the Hutt Valley and Western Growth Corridor, while science and engineering expertise is centred in Wellington city and the Hutt Valley with key sub-sectors focused on materials and equipment. This sector offers economic

development potential across our region. For example, Lower Hutt has identified growing science, technology, engineering and manufacturing businesses as a key area of focus, including opportunities to provide improved infrastructure and amenity for these businesses, such as awards, accelerators, developing a suitable workforce through the likes of internships and scholarships, and increasing research and development spend in these businesses.

Central government prioritised advanced manufacturing for an Industry Transformation Plan due to its scale and potential to significantly increase productivity, higher wage jobs and a globally-competitive low emissions sector. Two key trends provide an opportunity to accelerate growth of this sub-sector over the next 20 years:

- High-value manufacturing is undergoing a fundamental shift through the application of advanced technologies and processes
- More focus than ever is being placed on economic activity that is sustainable, circular and low emissions

### Issues and opportunities

We have an abundance of science and science research-orientated businesses to attract further talent and investment. Circular economy manufacturing provides real potential to add value, Industry 4.0 is becoming more pervasive – linking well with our technological strengths, and there is growing participation and leadership of Māori in these areas.

There are three key issues and opportunities to grow and maintain a sustainable and thriving science, engineering and high-value manufacturing sector.



**1. Recognition** – The advanced manufacturing sub-sector lacks public recognition, in part because much of what we manufacture is an input into a domestic or global supply chain rather than a final retail product for the public. There are few large manufacturers in our region<sup>26</sup> and celebrating the success of small and medium enterprises could raise their profile, encourage collaboration and innovation, and attract future investments.

**2. Skills shortages** – This sector has an ageing workforce, high levels of skill shortages, and the manufacturing sub-sector is increasingly seeking workforce directly from secondary schools. About 31% of all jobs in New Zealand are at a high risk of automation, possibly within the next 20 years, with Wellington city having the highest proportion of jobs at risk to automation in the near term, including in scientific services and manufacturing.<sup>27</sup> Sustained focus is required to build and attract a skilled workforce, upskill the current workforce, and increase leadership and management capability.<sup>28</sup> There is a need to increase enrolment in STEM subjects at school by making information available about the value and opportunities of these skills and identifying successful programmes which could be extended to schools regionally.

**3. Support for start-ups to commercialise** – Local companies with innovative ideas such as climate adaption mechanisms or high-value health manufacturing technologies have anecdotally said they often struggle to gain access to capital to commercialise ideas and meet their customers' needs. High productivity countries such as Finland, Singapore and Sweden focus their innovation policy on growing innovation eco-systems around several large firms or sectors.<sup>16</sup> We can learn from them and place a particular focus on creating an eco-system to deliver globally-leading innovation support services, help with the commercialisation of science, support Māori innovation, shift to a high-value economy through new founders, and grow high-potential businesses.



## Technology

A key focus of this plan is on the technology aspect of STEM because our region has a particular opportunity to create more jobs and improve residents' wellbeing by nurturing and supporting more businesses in this high-growth area. Technology is changing the way we work and companies that use technology to create products which scale are growing faster than ever. This represents both a threat and an opportunity for our region.

Twenty years ago most local advertising dollars were spent on television, radio and print. Now, New Zealand businesses spend more than \$1b per year on Google and Facebook advertising.<sup>29</sup> Ten years ago almost all tourists booked into local hotels. In 2017, New Zealand travellers booked more than 1.5 million nights of accommodation through the Californian-owned website Airbnb.<sup>30</sup>

The internet has enabled smart companies to reach a global audience, disrupt local businesses and emerge as multi-billion-dollar "winners" in their category. With the Covid-fuelled trend to work remotely, these global businesses have begun to hire workers in New Zealand, competing with our local businesses for talent.

Our region has a choice. We can either be a consumer of products made by international technology giants with our brightest technical minds contracting as remote workers, or we can be a leader of change and build technology companies that can attract global customers, with the intellectual property and headquarters based here in our region.

As a region we have proven we have the talent to compete with the rest of the world. Locally-founded accounting software company Xero is valued at \$15.4b and employs more than 4,500

people globally.<sup>31</sup> Recently Sharesies, incorporated in 2017, raised \$50m in venture capital at a valuation of \$500m<sup>32</sup> and it plans to expand its headquarters in Wellington. Fin-tech start-up Hnry raised \$16m, valuing the company at \$100m,<sup>33</sup> and sustainability start-up CoGo raised \$6m to help consumers lower their carbon footprint.

Competing with global mega-companies is difficult and our start-up eco-system is not as mature as other countries, which have easier access to talent, investment, and the executive leadership experience of scaling a global technology business.

Government, businesses and economic development organisations can play an important role in fuelling the growth of start-ups. Cities such as Vancouver,<sup>34</sup> Atlanta and Sydney have launched Government-led initiatives to accelerate their technology sectors, including programmes to increase the quantity and quality of new companies and to support high-potential companies to scale.

With support, a regional eco-system can be established, become self-sustaining and enable productivity in other sectors. Employees of locally-headquartered companies will learn from their experience and become the next generation of technology entrepreneurs. The founders of Sharesies were themselves employees of Xero when they started the business. As the investors in these breakout companies achieve high returns, they reinvest into the next group of companies. As a result, our region will thrive and be a leader of change in the decades to come.

## Issues and opportunities

There are four key issues and opportunities to grow and maintain a sustainable and thriving technology sector.

**1. Profile of innovation and quantity of entrepreneurs** – To compete globally, we must harness the entrepreneurial talent of mana whenua and our wider community to ensure those with good ideas are motivated and supported to turn these ideas into businesses. This will involve lifting the profile of our successful founders, more exposure to entrepreneurship at school and in tertiary institutions, providing greater visibility of Māori entrepreneurial success, encouraging by Māori for Māori models of innovation and prosperity, better connections between research and commercialisation, and structured pathways and support for new technology businesses through arming our founders with important knowledge about capital structure, technical architecture, recruitment, leadership and wellbeing.





**2. Skills shortages** – We have a critical shortage of work-ready software developers, product leaders, user-experience designers and digital marketers. As more founders develop scalable businesses in our region, we must prioritise initiatives that train and prepare these workers, to capitalise on the potential of our region's talent and increase the number of people in high-value employment. There is an opportunity to support the untapped potential in our Māori and Pasifika communities to succeed in technology-related employment, by establishing tuakana/teina (mentor/mentee) relationships between those with experience in the sector and rangatahi who are new to it.

**3. Leadership** – High-growth companies and investors in our region have identified a lack of experience at a senior leadership team level puts our businesses at a disadvantage to their international competitors. For example, a typical Head of Marketing, Chief Technology Officer or Chief Operations Officer at a scale-up company in San Francisco or Sydney would likely have experience working at a similar stage of business and easier access to mentors. Businesses need support to upskill executive talent at our high-potential companies, so each business can reach its full potential. Technology businesses have raised this as an issue because they can grow quickly and solutions to capability building should be transferable to other sectors with similar issues.

**4. Investment** – Our angel and venture capital investors are in early-stage development compared to other markets. Funds established in leading international technology markets have led to start-ups achieving multi-billion-dollar valuations, therefore enabling the funds to scale-up investment in new companies and attract foreign capital. To develop more business and accelerate developments the focus must be on supporting businesses with venture capital attraction and providing direct investment or loans where appropriate. We must focus our efforts and aim to become a magnet for talent and investment in particular sub-sectors where we have an advantage, including clean-tech, fin-tech and government innovation.












We will initially focus on initiatives to support STEM innovation and develop our future workforce.



SO	Opportunity	Actions	Lead	Key partners	Estimated timeframe	Stage
<b>Develop hubs equipped for STEM innovation and collaboration, raising the profile of the STEM sector</b>						
	<b>Biotech Centre of Excellence</b> Develop a shared, inter-connected facility to accelerate growth and innovation of existing and new biotech companies working on biomanufacturing and clinical therapies. The centre will contribute to a successful eco-system that enables our region to be at the forefront of biotechnology and attract talent, investment and international pharmaceutical companies	Finalise business case for Biotech Centre of Excellence	BridgeWest Ventures	Victoria University, Canterbury University, Hutt Valley Chamber of Commerce, MBIE, Callaghan Innovation, independent developers	2022	Business case
		Confirm developer, industry and central government support for the centre			2022 – 2023	Investment attraction
		Secure suitable laboratory complex/es and establish the centre in phases			2023 – 2033	Delivery
	<b>STEM product commercialisation innovation space</b> Establish an innovation space pilot to guide, nurture and support STEM businesses from across our region to succeed, with an on-site workshop for prototyping and product creation, a wrap-around network of specialist providers and support programmes. This will support the creation of high-value jobs in successful start-up ventures, growth of existing companies and development of commercial opportunities related to the transition to a low carbon future	Develop a business case to establish a suitable facility with a fully equipped innovation space and wrap-around support services	The Settlement	Callaghan Innovation, MacDiarmid Institute, NZ Product Accelerator, mana whenua, Hutt Valley Chamber of Commerce, HCC, UHCC, MBIE	2022 – 2023	Business case
		Confirm commitment to establish the innovation space/s and secure a suitable complex (should it prove feasible)			2023 – 2025	Investment attraction
		Develop a parallel innovation programme for the space targeted at STEM-focused start-ups			2022 – 2023	Planning
	<b>CleanTech Centre of Excellence</b> Focusing a range of programmes on the clean-tech sector will create new high-growth firms and attract talent to the industry. The centre will support the commercialisation of research into clean-tech, new innovations that companies want to pursue, and attract businesses to relocate here, helping our region become a leader in sustainability	Develop investment proposal and secure commitments from key partners	Creative HQ	Clean-tech sector, mana whenua, Te Matarau a Māui, private investors, WNZ	2022	Investment attraction
		Establish the CleanTech Centre of Excellence targeting innovation in sustainability, to grow the capacity and output of the sector and help our region become a leader in clean-tech			2023 – 2025	Delivery
		Deliver a three-month programme to accelerate 20 climate-focused ventures through early-stage development			2022 – 2023	Investment attraction
	<b>Technology start-up hub</b> The hub will be in a high-profile location, connecting creative industries, start-ups, business, Government and innovation together in one place and driving cross-industry collaborations. The businesses located in the facility will be in high growth areas, leading to an increase in revenue and jobs	Develop a business case to establish a technology start-up hub in a high-profile location with a sustainable financial model	Creative HQ	WNZ, local government, private investors	2022 – 2023	Business case
		Confirm investment in securing a building/s and operating arrangements (should it prove feasible)			2023 – 2024	Investment attraction

SECTOR SCIENCE, TECHNOLOGY, ENGINEERING & HIGH-VALUE MANUFACTURING



SO	Opportunity	Actions	Lead	Key partners	Estimated timeframe	Stage
<b>Build and upskill our workforce</b>						
	<b>Summer of Engineering</b> Pilot a Summer of Engineering internship and placement programme (based on the successful Summer of Tech model) to facilitate recruitment of engineering students and graduates, helping them to acquire necessary work experience and attract, retain and develop our workforce	Pilot a Summer of Engineering programme in a selected area of engineering, matching 20 engineering graduates with employers	Engineering New Zealand and Summer of Tech	WNZ, engineering businesses	2022 – 2023	Delivery
		Fully establish the Summer of Engineering programme across the wider engineering industry, securing placements for 100-plus graduates a year			2023 – 2024	Investment attraction
  	<b>STEM mentorship programme</b> This programme is a partnership between Ngāti Toa and Victoria University, aiming to raise awareness of and interest in STEM subjects in low decile schools. Māori and Pasifika university students will be awarded credits towards their degree for participating as mentors	Pilot a programme for Māori and Pasifika university students studying STEM subjects to mentor year eight classes	WNZ	Ngāti Toa, Victoria University, schools	2023	Delivery
		Evaluate success of pilot programme and consider expanding to more classes across our region			2024	Delivery
  	<b>Technology leadership training series</b> The training series will involve bringing eight international experts from companies including Netflix, Canva, Atlassian and Airbnb to our region to train and consult with leaders from our high-potential technology businesses. The series will be designed to upskill the senior leadership teams of our brightest companies, to ensure they have the best chance at becoming global leaders and major local employers	Run a series of training workshops in conjunction with ChristchurchNZ and Auckland Unlimited to upskill senior leadership teams from 30 high-potential technology businesses across our region	WNZ	Businesses, Christchurch NZ, Auckland Unlimited, MBIE	2022 – 2023	Investment attraction
   	<b>Scale up Creative HQ start-up programmes</b> Scaling up Creative HQ's start-up programme offering will provide founders with support on their full journey from idea to growth, leading to more quality founders and ventures, an increase in jobs, and improved connectivity of the start-up eco-system in our region. The programmes will include strong female and Māori representation and actively build collaborations and partnerships with iwi	Develop and implement a 6-12 month business incubation programme to identify, support and grow 20 new start-up businesses per year	Creative HQ	WNZ, local government, mana whenua, Callaghan Innovation, private investors	2022 – 2023	Delivery
		Secure funding to deliver scaled-up start-up programmes			2022 – 2027	Investment attraction
		Introduce a robust pre-incubation programme to upskill and prepare founders not yet ready for incubation/acceleration, building a pipeline of companies to be founded				
		Expand incubation and acceleration programmes, to increase the number of programmes run and founders supported per year, anchoring founders in our region to build growth businesses here				
		Introduce post-programme support to alumni companies, helping founders overcome early hurdles and secure investment to scale-up				





SECTOR

# Visitor economy



Famous for a vibrant, creative culture, fuelled by great food, wine, craft beer, coffee and events, we are a cosmopolitan region with an energetic personality. The visitor (manaaki) economy is important because it is our responsibility to look after our manuhiri (visitors) and residents. Manaaki denotes ‘mana’ and ‘a-kī’ (mana comes from what others say about you and your ability to care for others). Our positive reputation as a destination is hard-earned and requires consistent, affirming experiences and a binding vision for all who contribute to how people experience Te Upoko o Te Ika a Maui.

The visitor economy generated more than \$3.64b of GDP for our region in 2021. Key contributors to GDP include passenger transport \$600m, hospitality over \$600m and retail over \$450m. Before the pandemic, it was estimated that visitor spend in our region was \$2.86b<sup>35</sup> in the year ending March 2020, comprising \$1.94b domestic spend and more than \$900m international visitor spend. Our international visitors are high-value, spending on average \$232 per day, compared to \$155 a day per domestic visitor or \$74 a day per local resident.<sup>36</sup> Through this international spend, tourism supports amenities locals and New Zealanders enjoy that would not otherwise exist.

The visitor economy is built around experiences and attractions, hospitality, events, arts, retail and accommodation. Iconic experiences and events drive visitation to our region, while accommodation, restaurants and shopping are usually supporting factors.

Our destination is rebuilding after the reopening of international borders that closed to manage the health risks of a global pandemic with hospitality, accommodation and

supporting businesses gearing up for more visitors to arrive. The sector is a large employer in our region, accounting for 51,865 filled jobs in 2021.

Domestic access to our region is good with regular flights from all around the country and SH1 and SH2 providing paths around our region. We have commuter, intra and inter-regional train services and two Cook Strait passenger ferry companies. Wellington Airport is a vital hub in the domestic aviation network and connects to most New Zealand airports and several ports in Australia. Outside of Australia, Fiji and the currently hibernating Singapore Airlines service via Australia, our region has no direct international flights. Given that 99% of New Zealand’s visitors arrive by air, securing further direct international flights would make our region more accessible to visitors, highly-skilled migrants, international students, business connections and friends and family who live abroad.

Our region has a significant number of natural assets which connect visitors to the natural environment, including Kapiti Island, Zealandia Te Māra a Tāne, regional trails, Cape Palliser and many more. Our visitors get to experience the many creatives, innovators, chefs and growers telling stories that give visitors a deeper appreciation of our hospitality, events and exhibitions.

Destination management<sup>37</sup> involves managing all aspects of a destination that contribute to a visitor’s experience. Our Regional Destination Management Plan builds on the five sub-regional Destination Management Plans of Wellington city, Hutt Valley, Kāpiti Coast, Porirua and Wairarapa. The Horowhenua sub-region also has a Destination Management Plan.

These Destination Management Plans are the primary vehicle for sector development at a local level and have been developed by canvassing the aspirations of communities, mana whenua, visitors and tourism businesses across our region.<sup>38</sup> Product development is a complementary and particular focus of this plan that will build on and use the business development capabilities within WellingtonNZ, as the regional economic development agency, and create regional alignment to focus our resources.

The three strategic priorities of the Wellington Regional Destination Management Plan are:

1. **Tangata – Valuing our people:** Our people are our greatest asset and we must value and empower them to achieve our community aspirations.
2. **Whenua – Valuing our place:** Te Upoko o Te Ika a Maui is home to key natural taonga (treasure), and our visitor economy can't be developed at the expense of our natural assets. By rebuilding the balance and health of our natural environments, we contribute to the ongoing wellbeing of our people.
3. **Kōrero – Valuing our stories:** Stories connect our people and places and bring them to life. Engaging stories within the natural environment grab visitors' attention and take them on a journey of discovery, helping to build critical and lasting connections between visitors, tourism operations and destinations.

A regional model for implementing destination management is being developed and recognises strong iwi partnerships are essential to enable informed decision-making, deliver positive impacts to communities and provide opportunities for locals and visitors to better connect with mana whenua. Across our region, some iwi initiatives are identified or underway already, while other relationships are emerging from the destination management planning process.

Together, the Wellington Regional Destination Management Plan's ambition is to derive greater social, cultural, environmental and economic wellbeing for residents and visitors to our region. This is consistent with the Tourism Strategy 2025.<sup>39</sup>

## Issues and opportunities

There are six key issues and opportunities to grow and maintain a sustainable and thriving visitor economy.

1. **Increasing spend and demand** – Our region has a lack of paid tourism experiences and many attractions are free, like Te Papa and cycle trails. We must encourage high-value visitors that give back more than they take by developing and marketing iconic experiences for each sub-region and attracting events, shows and exhibitions year-round. This will provide more reasons to visit, and see the benefits shared with local communities across our region.

2. **Partnering with iwi to share Māori stories that encapsulate their narratives and experiences** – By showcasing our cultural identity and tikanga, manuhiri will experience Māori culture and build our global brand through projects such as Te Uruhi (Kāpiti Gateway project), Te Aro Pā and many others as iwi and their cultural narratives grow.

3. **Improving access and lowering visitor emissions** – For domestic and international visitors via road, rail, sea and air. We have constrained international air capacity and growing this would generate more demand in new visitor markets. Our public transport network has a commuter focus and better visitor access and services would enhance the visitor experience and help lower carbon emissions. We can help achieve this by providing better wayfinding to encourage greater use of the public transport network and supporting businesses to transition to a low carbon and sustainable model.

4. **Leveraging new developments to increase accommodation supply** – Accommodation demand is likely to increase in the medium term, especially with new developments like Tākina Wellington Convention and Exhibition Centre which can host up to 1,600 delegates and Lane Street Studios, a new world-class film studio and production facility in Wallaceville that can cater for up to 500 cast and crew. By understanding current and future accommodation needs we can plan for future scenarios.

5. **Improving international visitor awareness of what our region has to offer compared to other New Zealand visitor destinations** – Collaborative marketing efforts are underway to raise awareness and generate demand through the Regional Trails Framework, Classic New Zealand Wine Trail touring route, Ngā Haerenga New Zealand Cycle Trails, the Wellington Region & Wairarapa Marketing Alliance, public/private partnerships and leveraging Tourism New Zealand's domestic and international marketing programmes. We can increase awareness by leveraging Wellington's capital city status to provide a deeper visitor experience and create stronger business benefits across our region.<sup>40</sup>

6. **Attracting and retaining talent** – Securing a workforce after a global pandemic remains a challenge. We need to provide more opportunities to develop and grow our workforce, creating a regenerative visitor economy which attracts talent and is consistent with the Tourism Industry Transformation Plan<sup>41</sup> goals.

Many of these issues and opportunities are a focus of the Destination Management Plans. Our first set of initiatives elevate regional priorities to improve sector performance through an integrated destination management and marketing approach which enhances the sustainability of tourism operators and develops iconic experiences in partnership with mana whenua.

SO	Opportunity	Actions	Lead	Key partners	Estimated timeframe	Stage
<b>Support a transition to low carbon and sustainable visitor economy</b>						
	<b>Visitor economy sustainability programme</b> Expand the successful WNZ tourism sustainability programme and Chamber of Commerce bootcamp pilots to more tourism operators and hospitality businesses across our region, helping them become more sustainable and carbon neutral	Confirm size, scope and costs of the capability building programme, considering the learnings from the sustainability pilots	Business Central	Hospitality NZ, Restaurant Association NZ, WNZ, local government, Wellington Culinary Events Trust	2022	Investment attraction
		Deliver a capability building programme which supports visitor economy businesses on a journey to becoming carbon neutral			2022 – 2024	Delivery
<b>Improve the value and sustainability of tourism across our region through developing iconic attractions</b>						
	<b>Porirua Adventure Park</b> Develop a world-class paid tourism attraction that will create jobs, celebrate the stories of Ngāti Toa, provide education/ Mātauranga opportunities, and regenerate the Rangituhi/ Colonial Knob reserve	Confirm support, business structure and secure the remaining capital required for establishment	Ngāti Toa and Select Contracts	Private investors, PCC, DOC, WNZ, MBIE	2022 – 2023	Investment attraction
		Finalise design documentation for building consents			2023	Delivery
		Construct the buildings and infrastructure on site			2023 – 2025	Delivery
	<b>Wairarapa Dark Skies development</b> A programme of activities to leverage the Dark Skies accreditation through existing tourism offerings, new iconic experiences and Māori tourism. This will contribute to a more diverse, year-round tourism offering that will attract new visitors and encourage existing visitors to extend their stay and spend	Announce result of UNESCO Dark Skies accreditation bid	WEDS	Destination Wairarapa, Rangitāne, Ngāti Kahungunu, local government, WNZ, MBIE, TPK, MCH, tourism operators	2022	Delivery
		Secure funding to market and leverage existing Matariki events and offerings through collaborations, branding, promotion, developing a Dark Skies trail and calendar, and ensuring businesses can cater for Dark Skies tourism			2022 – 2023	Investment attraction
		Develop a 10-15-year implementation plan for progressing the Dark Skies offering and identify and scope iconic experiences and attractions with a focus on Māori tourism, sustainability and regenerative activities			2023 – 2024	Business case
		Identify long-term funding options and investment for implementing the iconic experiences and attractions identified			2024 – 2026	Investment attraction
	<b>Wairarapa Five Towns Trail Network</b> Develop the Five Towns Trail Network as a signature experience to showcase our strengths, attract domestic and international visitors and enhance the wellbeing of our residents	Establish a delivery entity to manage the development of the trail network	CDC, SWDC, MCC	Wairarapa Trails Action Group, GWRC, Trust House, Rangitāne, Ngāti Kahungunu, WNZ, Waka Kotahi	2022 – 2023	Planning
		Develop a multi-year phased implementation programme and secure investments			2023 – 2033	Investment attraction

SECTOR  
VISITOR ECONOMY



SECTOR

# Primary sector, food and fibre



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The food and fibre sector covers the primary sector production, processing and services industries along the value chain from producer to final consumer, including providers of transport, storage, distribution, marketing and sales.

Like the rest of New Zealand, the food and fibre sector is a key part of our regional economy, contributing \$1.81b to regional GDP in 2021 and employing more than 13,000 people. This is seen in the shops, cafes, and restaurants of our urban areas through to the food and fibre producers further afield. Our productive sub-regions of the Kāpiti Coast, Horowhenua and Wairarapa play a particularly big part in our regional food and fibre story.

The Western Growth Corridor (Porirua, Kāpiti Coast and Horowhenua) has a strong focus on horticulture, livestock, poultry, sustainable foods and high-value fibre product manufacturing, while the Eastern Growth Corridor (Hutt Valley and Wairarapa) has a strong focus on meat, livestock, viticulture, forestry and related processing. Each of these focus areas has its own unique complexities, challenges and opportunities.

## Issues and opportunities

There are five key issues and opportunities to grow and maintain a sustainable and thriving food and fibre sector.

**1. Climate change** – Our region is likely to warm significantly due to the impacts of climate change. Rainfall may decrease in Wairarapa, with an increase in droughts, and increase in the Western Growth Corridor.<sup>42</sup> The implications of the changing climate for our region include:

- Warmer temperatures may allow different crops to be grown
- More droughts may limit pasture production and crop growth
- Sea level rise may impact coastal communities and infrastructure
- Water supplies are likely to be under increased pressure (see water accessibility and security chapter)

Primary producers are already adapting their practices in the face of our changing climate through partnerships such as He Waka Eke Noa,<sup>43</sup> which is equipping our farmers and growers with the knowledge and tools they need to reduce emissions while continuing to sustainably produce quality food and fibre products for domestic and international markets.

**2. Consumer preference** – Consumer preferences are changing, particularly around expectations in areas like animal welfare, environmental sustainability and social justice.<sup>44</sup> In recent years there has been a continued move away from the “traditional” New Zealand diet, with the rise of artisanal products, meat alternatives and diversification of cuisines in New Zealand through the influence of different cultures.

Some producers are exploring opportunities to diversify, and our region is well-served with artisanal producers meeting these changing consumer expectations and highlighting the great products being produced within our region and exported around the world.

**3. Land use** – There is contention over how some productive land is used (such as for housing) and there is a significant opportunity to support iwi and Māori land owners in our region.<sup>45</sup> The rural nature of many land holdings means there is a chance to support greater Māori participation and productivity in the food and fibre sector. Local chefs like Monique Fiso have shown there is interest in, and potential to showcase, indigenous Māori kai and techniques to the world.

**4. Regional connectedness** – Our region is well-served by its proximity to Palmerston North, which has the Fonterra Innovation Centre, FoodHQ and the Food Innovation Network food pilot facility. However, parts of our region are separated by the Tararua Range, adding to the challenges created by time, travel and maintaining connections when taking a regional approach to this sector. Connectedness at a sub-regional level is also a challenge, particularly for Wairarapa, which does not have an agreed set of priorities or initiatives for the sector.

**5. Other challenges** – Primary producers face the same challenges as other sectors, such as availability of workforce, innovation that transforms by-products into high-value products, lack of infrastructure development and access to capital, scale and support options. Industry transformation plans for agri-tech, forestry/wood products and food and beverage touch on some of these important issues.<sup>46</sup>

How these issues are taken forward and opportunities realised needs further discussion and focus is required to:

1. Support innovation to add value, increase scale and improve access to markets to increase returns from investment
2. Support iwi and Māori land owners to sustainably maximise the productivity of land assets
3. Add greater value to our food and fibre sector by telling our provenance stories better and ensuring we are adding more value through the paddock to plate journey, both locally and internationally

Events like Visa Wellington On a Plate provide unique opportunities to showcase local produce and tell a story about the growers, unique artisan producers and restaurants in our region.

Similarly, in Horowhenua, the Taste Trail showcases local producers, giving tourists a unique opportunity to visit producers who provide much of the fruit and vegetables for the central and lower North Island.

A Regional Food Production Strategy will be developed through the WRLC work programme. Local areas of focus are outlined below because our food producing areas have different land use challenges and opportunities either side of the Tararua Range.

## Wairarapa

Food and fibre contributed \$557m to GDP in 2021 and employed 4,200 people in the Wairarapa sub-region. This sector is the main source of income and employment for Wairarapa, being a diverse area stretching from the valley plains through to the forested back-country and rugged coastlines. It provides the support structure for wholesale exporters, manufacturers and local artisan producers alike. These intersecting identities create a culture rich in diversity, innovation and opportunity for the Wairarapa brand.

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Mana whenua have had a constant presence since first occupation of Wairarapa, from early settlement of the coastline through to modern-day operation of commercial farming and forestry enterprises. Local iwi Ngāti Kahungunu and Rāngitane o Wairarapa are concluding historic Tiriti o Waitangi settlements and local investment is likely to align with sustainable land management and the principles of kaitiakitanga. This will see a greater focus on sustainable and renewable farming practices, investment in skills and education, and exploring alternative land use strategies.

The Taratahi Agriculture Training Centre is being re-established under the ownership of Ngāti Kahungunu, providing an opportunity to create a modern facility to sustain the food and fibre sector for generations to come.

Wairarapa has an existing reputation for quality products and a small but growing visitor economy, reflected in the increase in visitors during the Covid-19 pandemic. Sustained focus is required to leverage these strengths and explore value-added products and processes, new technologies, and encourage collaborative investment to develop untapped potential.






## Kāpiti Coast and Horowhenua

Food and fibre contributed to \$338m to GDP in 2021 and accounted for 3,423 people in employment in the Kāpiti Coast and Horowhenua sub-regions. There is a rich history of food production from supplying many generations of iwi and hapū off the fertile soils and micro-climates from Taitoko to Te Horo, to the myriad of artisan businesses now producing and serving consumers across New Zealand with jams, craft beer, chocolates, artisan breads, pesto, hemp products, hot sauces, roasted coffee, gin and vodka. From Paekākāriki to Levin, these artisans have chosen to live on the coast and share their expertise, service and experiences through the delicious foods they produce and distribute.

Aspirations of mana whenua are connected to the land, water, and all it produces. It will become increasingly important to protect our productive lands for current and future generations as our population grows. We need to nurture our food producers as food sustainability and accessibility become even more important with inflationary pressures, access to and affordability of workforce, kaitiakitanga, land-use optimisation and water quality.

The arrival of two food and beverage manufacturing entities relocating into the former Kāpiti Cheese Factory has presented the opportunity to consider the development of a plant-based foods centre of excellence as a point of difference, which aims to gain a strong foothold in this relatively new food and beverage market to increase its competitive and comparative advantage.

We will initially focus on initiatives which support innovation in our regional food and fibre sector.

SO	Opportunity	Actions	Lead	Key partners	Estimated timeframe	Stage
<b>Identify and develop innovative and sustainable new food and fibre opportunities across our region</b>						
    	<b>Western Growth Corridor food and beverage programme (including Kāpiti Kai Pokapu)</b> This programme aims to raise the profile and quality of the sector, facilitate partnerships, retain, grow, and continue to attract businesses of all sizes and types across the value chain, create high-value jobs, train the workforce, progress the foodie vibe and strengthen overall sustainability positioning and activity The programme will explore more sustainable ways to grow and distribute food, including future-proofing manufacturing and packaging technologies for energy efficiency, waste minimisation, carbon footprint and establishing circular economies	Develop an over-arching food and beverage strategy  Procure a facilitator to establish a cluster of Kāpiti Coast and Horowhenua food and beverage businesses, enhancing innovation, collaboration and knowledge sharing to support our regional, national and global competitiveness  Establish partnerships, business and governance models to pilot a regenerative horticulture production programme with iwi and hapū, to sustainably produce fresh vegetable varieties. This will involve mātauranga Māori and kaitiakitanga along with other proven regenerative farming methods  Develop a business case for a Kai Pokapu in the Kāpiti Coast, a sustainable food manufacturing and plant-based centre of excellence that supports companies throughout our region in their journey from innovation through to manufacturing  Establishment of Kai Pokapu (should it prove feasible)	Kāpiti Coast Economic Development Kotahitanga Board  Kāpiti Coast Economic Development Kotahitanga Board  Kāpiti Coast Economic Development Kotahitanga Board and Nga Hapū o Ōtaki  Kāpiti Kai Pokapu	KCDC, HDC, Horowhenua Company, WNZ, MPI, MBIE, Kānoa  KCDC, HDC, Horowhenua Company, WNZ, MPI, MBIE, Kānoa, iwi/hapū/ Māori landowners, growers, retail stores and researchers  KCDC, HDC, Horowhenua Company, WNZ, MPI, MBIE, Kānoa, mana whenua  KCDC, Kānoa, Sustainable Foods, Kāpiti Coast Economic Development Kotahitanga Board	2022 – 2023  2022 – 2023  2022 – 2029  2022  2023 – 2024	Delivery  Planning  Investment attraction  Business case  Delivery
	<b>Determine food and fibre priorities in Wairarapa</b> Identify opportunities to grow jobs, value and connections in the food and fibre sector in Wairarapa, contributing to our regional food story while considering climate change impacts	Collaborate with the Wairarapa community and food and fibre sector to identify priorities and tangible initiatives to address issues and opportunities recognised	WEDS	Wairarapa food and fibre sector and community	2022 – 2023	Planning

SECTOR  
PRIMARY SECTOR, FOOD AND FIBRE



Māori-led assessment of options for land use



**Ōtaki Porirua Trust Board land use assessment**  
 Develop sustainable land use options to support the transition from a former dairy operation within urban Ōtaki, to benefit the iwi and community through new employment, improved wellbeing and providing education scholarships

- Complete a feasibility study, land use assessment and environmental plan
- Develop a business case to implement recommendations
- Determine investment options to implement change over the next 5-10 years to a more sustainable model (should it prove feasible)

Ōtaki & Porirua Trusts Board

J R McKenzie Trust, Ngāti Raukawa, Te Āti Awa, Ngāti Toa Rangatira, MPI, TPK, Kāpiti Coast Economic Development Kotahitanga Board

2022 – 2024

Feasibility

2022 – 2024

Business case

2024 – 2029

Investment attraction



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Photos: 1. Andy Spain | 2. Andy Spain





Photo: Ryan Domenico



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# Māori economic development

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Since the time of Ngake and Whātaimai (the two taniwha of Wellington harbour), the early Māori occupants of our region were strategists, doers, initiators and builders. They established themselves in Aotearoa as tangata whenua, defined by their connection to the whenua, moana and whakapapa. The connections inherited from Māori ancestors continue to guide journeys to the distant horizon.

Māori, and in particular, mana whenua, are determining their own future and the positive impact their leadership and identity provides Te Upoko o Te Ika. This chapter expands on the key issues and opportunities Māori face in our society and the initial set of initiatives to create a better life for all our children and mokopuna.

## Issues and opportunities

Inequality in areas including home ownership, employment and education must be systemically addressed for Māori to thrive. Fortunately, Māori are a young and growing population whose working age population will grow significantly in future.

Iwi within our region are at various stages of completing their Tiriti o Waitangi settlements. Many iwi have significant assets and are actively engaged in land development, employment initiatives, training for rangatahi, and iwi development. Māori are traversing new territory, revealing unseen pathways and pushing boundaries. Today, it is as digital warriors, investors and operators in numerous aspects of the value chain, business, economic and social development.

One reality of having 84% of our Māori population whakapapa to iwi from across Aotearoa rather than local mana whenua is ineffective co-ordination and engagement across that significant portion of the Māori population. Five years ago, the Greater Wellington Regional Council's mana whenua collective supported the development of a Māori economic development strategy to:

1. Provide a point of co-ordination for the already significant economic activity under way within our iwi/Māori communities
2. Be a vehicle for enhancing and developing new ideas and collaborations
3. Enable greater self-determination for Māori in developing prosperous communities across our region

Te Matarau a Māui, the regional Māori economic strategy,<sup>47</sup> emerged with a purpose to bring together an economic vision for Māori in our region, Te Upoko o Te Ika. It speaks to the opportunities available to develop fresh ideas within collaborations that resonate with Māori aspirations, world views and values.

Though this is an economic development plan, in Te Ao Māori all things are inter-connected. A prosperous and well-balanced Māori economy creates healthy whānau, healthy whānau contribute to a thriving environment, a thriving environment forms the backdrop to a developing economy, and so on.



Te Matarau a Māui as the primary lead for Māori economic development seeks to support the expression of rangatiratanga to drive outcomes for Māori in our region. This will be achieved by aligning with, enabling, and supporting local strategies and initiatives such as those supported through this plan.

Te Matarau a Māui focuses on key strategic priority areas or pou that seek to make a difference in Māori communities in our region. These opportunity areas are:

- Māori communities are connected and capable
- Iwi organisations and Māori businesses are key drivers in the local, regional and national economy
- Across the region Māori know who, what, why and how to participate and collaborate in the Māori economy
- A skilled and successful Māori workforce that contributes to its community and pursues its aspirations
- Māori leadership and governance is engaged and collaborating to achieve impact









The opportunity areas connect to create and support the over-arching vision of Te Matarau a Māui, that Māori are uplifted to reflect, create and live with resilience, harvesting their capabilities for greater community economic outcomes.

Te Matarau a Māui is built around the five following values:

1. Tuku Ihotanga: Preparing for the future through intergenerational development and growth
2. Whānau: Healthy and prosperous whānau ensuring healthy and prosperous communities
3. Mātauranga Māori: Acknowledging and integrating Te Ao Māori knowledge and worldviews
4. Tino rangatiratanga: Māori self determination to pursue a way of life that provides value and meaning
5. Mana whakahaere: Empowering Māori through shared responsibility, accountability and leadership

Our plan supports the Te Matarau a Māui strategy to connect with, and reinforce their vision and values for Māori in Te Upoko o Te Ika. Through partnerships, shared visions and compelling combinations, the strategy, supported and resourced appropriately, will deliver more for Māori in our takiwā, our regional communities and beyond.



SO	Opportunity	Actions	Lead	Key partners	Estimated timeframe	Stage
<b>Regional economic development collaborations by and for Māori</b>						
   	<b>Hui Taumata – Māori Economic Summit - Poneke 2022</b> Following hui held in 1984 and 2005, it is timely for another to provide impetus to Māori economic activity, identifying issues and opportunities where Māori can collaborate to shape solutions, therefore creating new jobs and contributing to wellbeing outcomes. Part of the hui will be dedicated to Māori workforce development and supporting rangatahi to assume the mantle of leadership	Secure funding for a two-day summit that will provide better understanding of the Māori economy in our region and help identify how to plan and implement impactful economic, educational and developmental programmes  Hold a two-day Māori economic development hui for and by Wellington Māori to drive Māori economic activity in our region	Te Matarau a Māui	Mana whenua and Māori across our takiwā, Te Wānanga o Raukawa, Victoria University School of Business, WNZ, MBIE, GWRC, TPK, and the four Māori business networks in the region	2022  2023	Investment attraction  Delivery
	<b>Te Pokapū Pakihi – Māori business digital hub</b> Develop a digital hub to provide lean Māori businesses with back-office support, opportunities to learn from each other and grow their businesses through technology and skills development in a virtual community. The hub will encourage Māori business growth and increased productivity and employment	Secure funding for an online Māori business digital hub underpinned by Microsoft Teams to help Māori business network members grow their businesses  Establish and operate the Māori business digital hub	Awarua Māori Business Network (Porirua) and Te Rōpū Pakihi (Kāpiti-Horowhenua)	Te Matarau a Māui, The ART Confederation including Ngāti Toa, Ngāti Raukawa and Te Ātiawa ki Kāpiti, Connect Global, Te Wānanga o Aotearoa, TPK, MBIE	2022  2022 – 2024	Investment attraction  Delivery
<b>Build capacity and capability of Māori enterprises in social procurement processes</b>						
   	<b>Ka Kaha Ake – social procurement training</b> A programme to provide training and support to Māori small-medium enterprises that don't have the relationships, experience, processes and/or resources to prepare and submit tender documents for social procurement opportunities. This will encourage Māori business growth and consequently increase employment of Māori in construction, infrastructure, digital skills and professional services	Secure funding to design training for Māori small-medium enterprises to engage in social procurement opportunities  Deliver kaupapa Māori social procurement training to Māori small-medium enterprises	Te Matarau a Māui	Māori business networks, iwi, Amotai, WNZ, Victoria University, TPK, MBIE	2022 – 2023  2023 – 2024	Investment attraction  Delivery
	<b>Te Upoko o Te Ika a Māui social procurement commitment</b> A commitment to use procurement as a tool for building social and economic prosperity was signed by several councils across the region in 2021. Increasing the number of entities signed up will increase spending with diverse local suppliers, generate new employment, help to build local business capability, create a more agile and resilient supply chain, and grow our regional economy	Advocate to expand the number of public sector entities signed up to the commitment, to grow employment among local Māori, Pasifika and social enterprises and increase the amount spent with social providers year on year	GWRC	Central and local government, Te Matarau a Māui	2022 – 2023	Delivery

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MĀORI ECONOMIC DEVELOPMENT

ENABLER

# Skills, talent and education

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He aha te mea nui o te ao? Māku e kī atu, he tangata, he tangata, he tangata  
*What is the most important thing in the world? It is the people, the people, the people*

For our region to thrive and grow we need people with skills to live and work here, people to grow the businesses that provide decent jobs enabling good quality of life, and people equipped with the knowledge needed to address issues that will affect the future of our region, including climate change and sustainable practices.

Our labour force participation rate (the proportion of working-age people 15 years and over who are either employed or actively looking for work) of 73.6% in 2021 was above the New Zealand average of 70.3%. Our regional unemployment rate of 4.5% in 2021 was just below the New Zealand average of 4.7%.

Skills, talent, and education are key enablers of regional economic development and productivity.<sup>48</sup> Together they play a role in ensuring our people can successfully work here, and employers can access the workforce they need now and for the future, especially when projections indicate there will be 100,000 more jobs to be filled over the next 30 years.<sup>14</sup>

Having decent job opportunities locally is important to maintaining a sense of community and family ties, particularly for Māori and Pasifika. Enabling quality education and training for our rangatahi and access to decent jobs locally is therefore imperative for a more equitable workforce.

Our regional workforce has three notable characteristics:

1. Our workforce is skilled. Our region has a high level of educational attainment and training participation, and a good base of tertiary education, knowledge and skills. The percentage of employees classified as highly skilled or skilled in our region is 57% compared to 51% nationally.<sup>49</sup> This is mainly due to the presence of central government, a strong professional services sector and the largest research, science and innovation workforce in the country.
2. There are large disparities across local territorial areas and ethnic groups, in terms of educational attainment, unemployment and participation.
3. Critical skills shortages are a growing regional issue for all our focus areas.

Particular attention and resource is required to achieve more inclusive and equitable workforce participation in key focus areas. As we developed our plan, the Wellington Regional Skills Leadership Group (RSLG), a regionally-led group appointed by Government, was developing the Regional Workforce Plan for the next three years. The RSLG plan highlights labour supply and demand trends for our region and identifies where change is needed to achieve a highly skilled and co-ordinated regional labour market, leading to better outcomes for all. Our plan is not a workforce plan, however it is complementary and focuses on initiatives that align with the priority focus areas.



Locally-focused workforce plans are being developed or have been completed in most sub-regional areas. These plans will address locally-relevant skills needs, while the Regional Workforce Plan and this plan will continue to evolve together to ensure alignment as we work towards a thriving regional labour market.

## Issues and opportunities

There are two key areas that need to be addressed to build solid foundations for skills, talent and education.

**1. Skills shortages** – The shortage of skilled people is the big issue being felt across our region, nationally and globally. The global skill shortage and lifting of border restrictions mean a net outflow of Kiwis attracted by higher salaries offshore is expected, while tighter immigration settings are likely to limit work visas to a narrower range of high-skilled occupations.<sup>50</sup> The skill shortage is expected to persist in the longer term, exacerbated by an ageing workforce and declining birth rate.

Skills shortages are widespread, and each key sector in our plan is affected by the need for skilled people. Other sectors like construction, health and education that are important to the future of our region and the Wellington Regional Growth Framework also face similar workforce demand skill challenges.

There are several examples of sector groups and employers now working together to develop strategies to overcome the issues. Flexible working conditions and providing career pathways, upskilling opportunities, professional development and support to attain qualifications are examples of initiatives required to attract and retain a skilled workforce from New Zealand and overseas.

The establishment of six Workforce Development Councils, each focused on a grouping of sectors, will facilitate the alignment between industry needs and education and training. In addition, the RSLG will ensure regional needs are heard, and the Regional Workforce Plan includes actions and activities that build on this approach.

**2. Education** – While the immediate skills shortages are concerning, we have an opportunity to look ahead at education to grow talent. We know the workforce of the future will be more technology-based and, combined with increasing automation, there will be more jobs in skilled and highly-skilled work. For our region to thrive and prosper we need high levels of participation and skills across all the priority sectors of our regional economy, all of which are facing growing demand for skills.








Vocational awareness and education that offers alternative pathways for students and leads to meaningful and rewarding work across sectors in trades and service industries is of equal importance. Employers are working with Workforce Development Councils to influence development of “earn and learn” training and pathways that work for their sector.

Young people’s career aspirations form at a young age and can be predictive of later study and employment-related choices,<sup>51</sup> which reinforces the need for early exposure, particularly to less visible work and career opportunities.



Additionally, early intervention needs to address equity. There is a major mismatch between education and skills versus those required by employers in our region, particularly for Māori. A smaller proportion of Māori are in high-skilled jobs (30% relative to 47% for non-Māori) and more are in labouring, machinery operation and sales jobs.<sup>6</sup> Pasifika face similar challenges.

Sustained effort is required to build the skills and workforce needed to support our key sectors. We need to develop local talent to grow our own people, particularly Māori and Pasifika, mitigate against the risks of reliance on skilled migrants and support the building of thriving communities. This will be in parallel with attracting skilled talent needed by employers from offshore, particularly in specialist areas in the short and medium terms.

To enable our key sectors to thrive, build solid foundations and achieve more inclusive and equitable workforce participation, our skills, talent and education efforts will initially focus on the following initiatives.

SO	Opportunity	Actions	Lead	Key partners	Estimated timeframe	Stage	
<b>Future-proofing the skills of our people and the needs of our sectors in STEM</b>							
   	<b>Expanded House of Science programme</b> Expand the design and development of bilingual science resource kits so all primary and intermediate schools and their students have consistent access to a foundational education in science. This programme was created to address the lack of effective science programmes in primary and intermediate schools and is a long-term investment in developing our future science and technology workforce	Secure funding to resource wider implementation of the House of Science programme across the region	House of Science NZ Charitable Trust	WNZ, mana whenua, local government, schools, businesses, crown research institutes, MBIE, MOE	2022 – 2025	Investment attraction	
	<b>Address regional and ethnic disparities in education and employment opportunities</b>						
	  	<b>Kāpiti Coast Skills and Education Hub</b> The hub will enable residents to access training opportunities in the areas they reside in and have ties to, benefitting their wellbeing and removing location-based barriers to meeting requirements for higher-skilled roles. This will support and encourage businesses to establish in the sub-region and grow their productivity through the availability of high-skilled employees, providing greater employment and career opportunities for workers including Māori, young people, people with disabilities and older people	Complete a feasibility study for local learning hub(s) to improve access to vocational and tertiary training  Secure funding to deliver the education and training hub(s), based on recommendations from the feasibility study and needs assessment (should it prove feasible)	Kāpiti Coast Economic Development Kotahitanga Board	KCDC, Ngāti Toa, Te Ati Awa, Ngā Hapū o Ōtaki, Te Wānanga o Raukawa, Te Pūkenga, Horowhenua Learning Centre, Te Puna Oranga, Te Rōpū Pakihi, Work Ready Kāpiti and local high schools	2022 2023 – 2024	Feasibility Investment attraction
<b>Wairarapa skills programme</b> Education and industry collaboration to deliver a refreshed, relevant and strengthened programme of vocational training offerings. The programme will develop pathways to provide in-school work experiences and link into local “earn while you learn” pathways with wrap-around support. It will consist of both physical and virtual co-operative hubs, improve productivity through retaining young people, offer relevant vocational employment and training for the local job market and upskill/reskill small businesses that need support to build capability and capacity		Develop the concept for a collaborative skills programme, to submit to Te Pūkenga – NZ Institute for Skills and Technology	Wairarapa RSLG	Te Pūkenga, UCOL and other local education/training providers, high schools, local sector/industries, WEDS, MBIE, recruitment consultants	2022 – 2023	Planning	

ENABLER  
SKILLS, TALENT AND EDUCATION

SO	Opportunity	Actions	Lead	Key partners	Estimated timeframe	Stage
	<b>Wellington E2E Centre</b> The E2E (Education to Employment) Centre is an inclusive initiative to increase educational and career prospects by partnering with youth-friendly employers to transit rangatahi into future work and life confidently, helping to reduce the number of youth not in employment or education. The initial focus will include establishing a sustainable scholarship programme to equip female Māori and Pasifika rangatahi for the workforce in key focus areas	Pilot the E2E business model by developing a Wellington city E2E Centre	Wellington E2E Centre	Focus Futures, WNZ, commercial investors, business, MSD, MOE	2022 – 2023	Investment attraction
		Expand the E2E Centre to include locations in the Hutt Valley and Porirua			2023 – 2024	
		Further expand the E2E Centre to include locations in Kāpiti Coast and Wairarapa			2024 – 2025	
	<b>Inclusive employment programme</b> This programme will help job seekers secure employment in roles fit for their skillset, while helping employers find skilled staff to grow their businesses. The programme will support Māori, Pasifika, migrants and other ethnic communities through their whole job search process, providing personalised resources, advice and referrals. It will work with businesses to improve the inclusivity of workplaces across our region, making them more representative of our communities	Implement a pilot programme to help individuals find suitable and sustainable employment relevant to their area of expertise and education	Business Central	Ministry for Ethnic Communities, Ministry of Pacific Peoples, TPK, INZ, WNZ	2022 – 2027	Delivery
		Secure funding to expand the Inclusive Employment Programme to ensure full coverage across our region				
	<b>Pasifika business enablement</b> Build relationships and identify opportunities to support Pasifika businesses to grow capacity and capability, with the aim to reduce unemployment and increase participation in the workforce and therefore improve quality of life	Explore options to grow the capability and capacity of Pasifika businesses	Wellington Pasifika Business Network and WNZ	Pasifika Business Networks, Central Pacific Collective, Pacific Business Trust	2022 – 2023	Planning
<b>Showcase our regional innovation and talent to build our global reputation</b>						
	<b>International GovTech Summit</b> Position our region as a global leader by hosting a biennial GovTech Summit, shining a spotlight on public sector innovation and our region. The GovTech sector is expected to grow significantly and will help attract global talent and start-ups to our region, create and grow new companies and develop a highly-skilled workforce. The summit will attract Government leaders and changemakers worldwide, increase international visitors and students, grow international spend and build our global reputation for innovation.	Deliver a biennial International GovTech Summit to showcase our region to the world	Creative HQ	Businesses, local and central government, mana whenua, WNZ	2022 – 2027	Investment attraction







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# Water accessibility and security

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Ko te wai oranga o ngā mea katoa  
*Water is the life giver of all things*

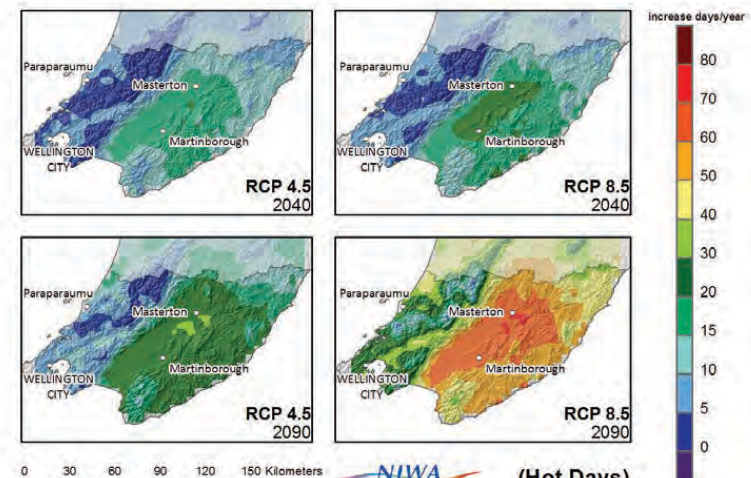
Water is the blood of the earth mother Papatūānuku and the rivers are her veins. It is her who has given us life from time immemorial and it is with her that solutions to climate change lie. Water is critical to our lives, our wellbeing, and our potential. Our water system needs to be carefully balanced now while we have the time to protect, safeguard and enhance our natural environment, while developing resilient water sources, education, recreation and businesses.

The principles of Te Mana o te Wai, embodied as a fundamental concept in the National Policy Statement for Freshwater Management,<sup>52</sup> reflect the vital importance of water and how all resourcing decisions must be prioritised (in this order):

1. The health and wellbeing of water
2. The health needs of people
3. The ability of people and communities to provide for their social, economic and cultural wellbeing

Recent climate change studies<sup>53</sup> forecast that our region will experience increased variability and extremes of weather conditions, to the extent that water reliability and security will become critical in some areas. While the Western Growth Corridor is projected to be slightly wetter, Wairarapa is expected to be drier and warmer as the most severely affected part of our region, creating significant challenges to our economy and urban development.

The maps below depict the projected increase in hot days across our region for two climate change scenarios (referred to as Representative Concentration Pathways or RCPs). Emissions in RCP 4.5 on the left assume emissions peak around 2040 and then decline, though now we are trending close to RCP 8.5 based on business-as-usual high emissions. This means that by 2040 inland Wairarapa may experience up to 30 more hot days (with a maximum temperature higher than 25°C) a year and by 2090 most of Wairarapa may have up to 70 more hot days a year – a significant increase given Wairarapa currently has about 24 hot days per year.



In the face of climate change effects coupled with the need to ease pressures on the natural environment through the introduction of the Te Mana o te Wai and Whaitua Implementation Plans,<sup>54</sup> access to reliable water (run-of-river and aquifers) will diminish in many areas, especially in Wairarapa, at critical times of the year.

Water is delivered to urban and rural businesses across our region through municipal supplies, direct extraction from surface waterbodies or groundwater, all of which add pressure on water sources. Water sources can run dry or be deprived of naturally occurring elements resulting in the need to resort to back-up sources. For example, when river levels are low in the Kāpiti Coast, a river recharge scheme takes water from Waikanae River and tops it up with groundwater below the treatment plant.

Reliable water means security for businesses to continue to operate and guarantees quality, quantity and growth of production. Compared with Wairarapa, there is a good water storage buffer in the Wellington metropolitan area, including Upper Hutt, Lower Hutt, Porirua and Wellington city. In addition to the Hutt Valley aquifers, the Te Mārua lakes can supplement supplies for two to three months depending on demand and the amount of water available from other sources. Despite this, further ways to supplement storage and sources for the metropolitan areas are being investigated.

The possibility of water metering as one tool towards water management is being considered by Wellington Water on behalf of its council shareholders.<sup>55</sup> Most properties on the Kāpiti Coast already have water metering, which has resulted in water consumption reducing by 26%. There is a need to continue implementing demand management across our region to build resilience and support the development of new businesses and industry.

## Issues and opportunities

Rural and urban Wairarapa is projected to be most severely impacted by the effects of climate change and is already facing an unreliable water supply, accessibility and security issues. Wairarapa needs appropriate infrastructure, environmental management and overall settings to be available to take advantage of economic development opportunities, especially in agriculture and tourism.

**1. Water quality** – Wairarapa’s urban areas experience relatively frequent “boil water notices” due to malfunctions in municipal supply networks like infiltration of pathogens or high sediment loads from floodwater contamination.

The main sectors that contribute to the Wairarapa economy and major employers like accommodation and hospitality, primary industries, food and fibre and manufacturing are all heavily reliant on access to a good, secure water supply.

The collective impacts of climate change and tighter rules and regulations for water management will, and already are, impacting on the existence of established business, inhibiting new business and constraining population growth in Wairarapa. This is testing the viability of some existing processors and access to water is increasingly identified as a barrier to investment.

**2. Water quantity** – In the primary industries, water storage supplied by direct extraction from surface and groundwater is currently limited to a few farms and vineyards, however hydrology knowledge of Wairarapa catchments is limited. Reliable water provides certainty to rural activities as it improves the quality, quantity and timing of crops.


Masterton has an average of one day of municipal water storage during winter which reduces to just half a day in summer.<sup>56</sup> Other towns in Wairarapa have similar issues and their small councils are already facing considerable costs for upgrading and maintaining their municipal water infrastructure relative to their rating base. Without additional storage, together with other water resilience modes, this situation will only get worse with climate change and population growth compared to other parts of our region.

Over the summer months, some businesses already report experiencing reduced operations to conserve water resulting in lost productivity, reduced hours and lower income for employees.<sup>57</sup> Wairarapa’s rural sector will continue to suffer, if not decline, if it’s unable to adapt or take up new opportunities that climate change will bring. A catchment-wide rather than individual farm holding approach is required to enable the scale and nature of such changes to be successfully implemented.<sup>54</sup>

**3. Collaboration and partnerships are the future** – We need to work together in partnership with all interests towards solutions that offer multiple benefits, including through a range of complementary actions across demand, supply, data and information, regulatory systems and frameworks.

The complexity of the issues and range of solutions has brought several organisations together, including regional and local councils, Wellington Water, Rangitāne Tū Mai Rā Trust Wairarapa, Ngāti Kahungunu, the Wairarapa Economic Development Strategy, WellingtonNZ, central government and other local interest groups. The local councils have ongoing work programmes to manage urban water conservation, including the provision of potable water.

Looking ahead, the Wairarapa Economic Development Strategy places emphasis on water resilience and the Water Resilience Strategy<sup>58</sup> creates a 10-year vision for water resilience planning. Strong leadership, sustained focus and tangible action is required to meet the sustainable water challenges, improve productivity and build resilient infrastructure for a better future.

SO	Opportunity	Actions	Lead	Key partners	Estimated timeframe	Stage
<b>Implement solutions to enable water accessibility and security in Wairarapa</b>						
	<b>Wairarapa water resilience implementation plan</b> Wairarapa requires secure, safe and optimised water solutions to provide for continued economic development and growth	Finalise the refreshed Wairarapa Water Resilience Strategy (WWRS), develop an implementation plan to give aligned guidance on direction and priorities for Wairarapa and implement actions	GWRC	MDC, CDC, SWDC, Wairarapa Committee, WEDS, Wellington Water, iwi	2022 – 2025	Planning
		Develop an implementation plan among key stakeholders and define the initial governance structure and project list/programme of work	WRLC Secretariat	GWRC, MDC, CDC, SWDC, Wairarapa Committee, WEDS, Wellington Water, iwi, MPI, MBIE, MFE, Wairarapa Water Users Group, Federated Farmers	2023 – 2024	Delivery
		Appoint staff to form part of the WRLC secretariat for a period of two years, to co-ordinate the various initiatives to be undertaken by individual agencies to ensure integration and direction and to drive the initial stages of the implementation entity	WRLC Secretariat	GWRC, MDC, CDC, SWDC, Wairarapa Committee, WEDS, Wellington Water, iwi, MPI, MBIE, MFE, Wairarapa Water Users Group, Federated Farmers	2023 – 2025	Delivery
		Incentivise/co-fund and support businesses to find innovative or more efficient options for water usage, such as Reverse Osmosis Systems, to reduce reliance on public supply networks	WRLC Secretariat	GWRC, MDC, CDC, SWDC, industry bodies, iwi, businesses, Callaghan Innovation, MBIE, MPI, MFE, Wairarapa Water Users Group, Federated Farmers	2022 onwards	Planning

ENABLER  
 WATER ACCESSIBILITY AND SECURITY



ENABLER

# Resilient infrastructure

56

Public infrastructure is infrastructure owned by and/or available for use by the public and is a fundamental part of how local and central government contributes to the wellbeing of our communities. Our infrastructure provides many of the services that make our region a great place to live, work and play, while also having essential functions that impact the quality of our environment.

Strategic public infrastructure investment can provide a range of economic benefits and economic development opportunities. For example, infrastructure decision-making can impact our transition to a low carbon economy and increase our resilience to climate change. The WRGF has a priority focus on infrastructure and our plan aims to complement this from the perspective of improving our economic resilience.

Investment in public infrastructure raises GDP. For example, a 1% increase in infrastructure expenditure by central government raises regional GDP by 0.14%.<sup>59</sup> The economic benefits are more than just the creation of short-term stimulus into the economy through employment and act as an enabler for the longer-term conditions for future growth and prosperity.

Our region aims to become the headquarters of the publicly-owned water entity in the three waters reform package. Our ambition is to develop the skills and capability needed to build and enhance water infrastructure across our region and beyond. We are well-placed to work with councils and communities to deliver better health and wellbeing outcomes, protect our environment for future generations and build on our established education and skills development facilities such as the Wellington Water Infrastructure Skills Centre.

Our region is planning investments across a range of transformational public infrastructure in coming years. These projects bring possible benefits and risks for urban, social and economic development in their surrounding communities. It is important to take an intentional and co-ordinated approach so the wider benefits of these projects are optimised and realised.

Long-term plans for all councils across our region indicate infrastructure expenditure of more than \$6b over the next 10 years, including about:

- \$1.12b in transport over the next three years and potential for spending up to \$2.28b<sup>60</sup>
- \$273m of infrastructure to be delivered by Wellington Water over the same period<sup>61</sup>
- \$377m construction activities in the wider public sector over the next three years<sup>62</sup>
- \$400m initial capital investments on the regeneration of CentrePort and the roll-on-roll-off ferry terminal<sup>63</sup>
- \$4b on the Let's Get Wellington Moving programme<sup>64</sup>

The challenge is how to leverage these investments for maximum economic, social and environmental benefit, including protecting against economic loss from emergency events.

We will continue to work with other sectors and enablers to ensure investments being made in infrastructure projects over the coming years lead to increased skills, talent, education and technology opportunities.

## Issues and opportunities

There is an opportunity to align with, and complement, the WRGF to enable, support and, in some cases, activate certain aspects of the WRGF such as exploring a regional spatial view on industrial and business parks or investigating the need for a regional distribution centre instead of distributing inbound goods on road from Auckland. Our region has not previously demonstrated a co-ordinated approach towards industrial land use nor taken a region-wide view on how and where to bring businesses into our region.

Building enabling infrastructure will help realise the opportunities and unlock potential in the key sectors. Initiatives that improve connectivity of freight and commuters will become increasingly important as our regional population grows, for example, the electrification of the rail service north of Kāpiti Coast to Levin, and improvements to the safety and resilience of the Ōtaki to north of Levin transport corridor. Our plan will continue to support development of the Wellington rail programme business case to invest in addressing inconsistent customer experience and capacity, updating infrastructure to safely accommodate additional trains and configuring the network to make it less vulnerable to disruptions.

There are four key areas we need to target to build solid foundations that support our focus areas:

**1. Direct benefits** – The current and planned investment will lead to an increase in direct employment across our region, not only in construction work but also in ancillary supporting services, in addition to the new assets. This will create a direct economic impact from employee expenditure.

The public infrastructure investment will create options for private sector capital and development to add further investment into the region.<sup>65</sup> Decisions around local investments should demonstrate and articulate the wider community benefits.

The scale of investment means there are opportunities to provide direct and targeted equitable benefits to a more diverse supplier base, through targeted supplier development and purchasing initiatives for the likes of Māori and Pasifika businesses which often face barriers to public procurement processes.





**2. Indirect benefits** – Robust and accessible infrastructure positively contributes to wellbeing and central government has made it a priority for infrastructure investment to add to the health and wellbeing of current and future generations.<sup>66</sup> Some indirect benefits will support our region to be a destination of choice, improve quality of life and develop a liveable attractive region where it is easy to live, work and play.

**3. Resilience** – There are a range of strategic economic benefits that flow from, or can be achieved by, infrastructure investment. Supporting and enhancing regional resilience would ensure our region could continue to work or recover quickly in the aftermath of an adverse event.

Improving our regional resilience has economic and wellbeing dimensions. It fits well within the PRISM framework<sup>5</sup> and there are several regionally-significant projects in the Wellington Lifelines Group business case which could be supported to deliver a more reliable and resilient region. Some of these could be coordinated with planned development such as potential rail improvements.

**4. Skills shortages** – The growth in infrastructure investment will require the development and growth of the construction and infrastructure sector workforces. These sectors have already grown in recent years and are currently experiencing skills shortages. Construction and infrastructure have been identified as two of the six priority sectors by the Wellington Regional Skills Leadership Group, which also highlights the opportunity for increasing diversity in these workforces as they grow.<sup>67</sup>



SO	Opportunity	Actions	Lead	Key partners	Estimated timeframe	Stage
<b>Accelerate projects to improve economic resilience</b>						
	<p><b>Seismic strengthening of 33kV cables</b></p> <p>Wellington Electricity's Asset Management Plan identifies this project as a key enabler of operating several other infrastructure types. It will benefit the entire region and have direct public health benefits through improved resilience of electricity supply to hospitals and medical facilities, and provide greater access to power lines for charging electric vehicles and other non-fossil-fuel-run facilities</p>	Advocate for an accelerated programme to strengthen the 33kV cable network within 21 years rather than 50 years, increasing resilience in the electricity network	WRLC	Wellington Electricity, Wellington Lifelines	2022 – 2024	Advocacy
	<p><b>Rail slope stability</b></p> <p>The Wellington Lifelines Regional Resilience Project identified the significant risk of slope failure in an adverse event and that seismic strengthening of the structures and slopes is required along the North Island trunkline and Hutt Valley to Wairarapa line. It would enable freight and commuter trains to be back running earlier and with greater reliability after a seismic event</p>	Advocate for an accelerated programme to implement seismic stability work on the regional railway network, increasing resilience in the freight and commuter rail network	WRLC	KiwiRail, Wellington Lifelines, MOT, GWRC as rail operator	2022 – 2024	Advocacy
<b>Research to prepare our region for commercial and industrial developments</b>						
 	<p><b>Research industrial and business park land requirements</b></p> <p>Research is required to ensure sufficient available land is ready to support commercial and industrial developments across our region. This will support and retain new and emerging businesses and attract others to our region, enabling ongoing sustainable development for our regional workforce to grow through employment opportunities, and amenities that will allow additional people to live within our region</p>	Identify the requirements for industrial and commercial land in our region considering social and environmental aspects, and interventions needed to provide land	WRLC	GWRC, territorial authorities, iwi, large industrial land users including CentrePort, large developers/land owners, WNZ	2022 – 2023	Research

ENABLER  
RESILIENT INFRASTRUCTURE



# Implementing the plan

Overall governance, management, and how we will work alongside each other to implement the Regional Economic Development Plan is highlighted in the table below:

Governance	Steering group	Programme management office	Initiatives
<p>Overall programme governance sits with the WRLC as decision-makers across our region with responsibility for this plan.</p> <p>The WRLC is supported by the WRLC secretariat, responsible for oversight, monitoring and reporting on the three focus areas of the WRLC.</p>	<p>The steering group made up of business, mana whenua/Māori economic development, and local and central government representatives will be responsible for the successful operational delivery of our plan and incorporate different perspectives from across our region.</p> <p>It will be chaired by the Chief Executive of WellingtonNZ, the regional economic development agency.</p>	<p>The Programme management office (PMO) co-ordinate planning and reporting to the steering group and WRLC secretariat to ensure requirements are met, including inputs to decision-making forums that support the WRLC.</p> <p>The PMO and wider WNZ team will work alongside project leads of initiatives to identify support required, networks and funding pathways, to help successful delivery of the initiatives.</p>	<p>Ultimately, the accountability and success of each initiative remains with the project lead.</p> <p>Project leads and teams will manage their initiatives and work with the PMO to identify support required and report on progress, risks and issues on a regular basis. This will contribute to a dashboard to oversee the operational delivery of the plan and outcomes achieved.</p>



# Monitoring and reporting

The following table highlights how we will monitor our regional performance. This will be complementary to the WRLC dashboard reports that provide a holistic measure on interrelated areas such as infrastructure, transport and the transition to a low carbon economy.

MONITORING METRICS: Indicators to be used to monitor progress against our strategic objectives		
REGIONAL INDICATORS: Indicators to be monitored at a regional level		
<p><b>QUALITY OF LIFE</b></p> <p><b>Overall satisfaction with life</b> Measuring the overall satisfaction with life of residents will provide an indication on social well-being. <i>Frequency: Biennially</i> <i>Source: Quality of Life Survey, Nielsen's</i></p> <p><b>The ability of income to meet every day needs</b> Monitoring the percentage of residents' ability to meet every day needs with their income provides an indication of the social and economic health of our region's residents. <i>Frequency: Biennially</i> <i>Source: Quality of Life Survey, Nielsen's</i></p>	<p><b>EMPLOYMENT</b></p> <p><b>Jobs filled</b> The number of jobs filled across our region will give an indication of our regional economic performance. <i>Frequency: Quarterly</i> <i>Source: Jobs filled, StatsNZ</i></p> <p><b>Labour force participation rate by ethnic group</b> (European, Māori, Pasifika and Asian) <i>Frequency: Quarterly</i> <i>Source: Household Labourforce Survey, StatsNZ</i></p> <p><b>GDP per capita</b> will be used to capture the average economic wellbeing of our region overtime <i>Frequency: Annual</i> <i>Source: Regional GDP from StatsNZ divided by estimate population, StatsNZ</i></p>	<p><b>Jobs and outcomes created through the initiatives in this plan</b> Will indicate the impact of initiatives from the plan on our regional economy and the creation of jobs. <i>Frequency: Annually</i> <i>Source: Reports from project leads</i></p> <p><b>Unemployment by ethnic group</b> (European, Māori, Pasifika and Asian) <i>Frequency: Quarterly</i> <i>Source: Household Labourforce survey, StatsNZ</i></p>
GROWTH CORRIDORS: Indicators to be monitored at a growth corridor level		
<p><b>Population</b> Our population is expected to increase by up to 200,000 in the next 30 years. Monitoring this growth is important for understanding the infrastructure and resource needs of our region. <i>Frequency: Annual</i> <i>Source: Estimated population, StatsNZ</i></p> <p><b>Estimated working-age population</b> Monitoring the change in the working-age population by ethnic group in each corridor will provide an indication of the changing workforce over time. <i>Frequency: Annual</i> <i>Source: Estimated population, StatsNZ</i></p>	<p><b>The average income per capita</b> determines the average per-person income and evaluates the standard of living of our population. <i>Frequency: Annual</i> <i>Source: Infometrics</i></p> <p>The number of people on the <b>Work-Ready Job Seeker benefit</b> is a timely measure that provides an indication of how many people in our regional economy are ready and seeking work. <i>Frequency: Quarterly</i> <i>Source: Main Benefits report, MSD</i></p>	<p><b>KEY SECTORS</b></p> <p><b>GDP contribution to the region</b> <i>Frequency: Annual</i></p> <p><b>Growth in the number of jobs filled</b> <i>Frequency: Annual</i></p> <p><b>The number of business units</b> <i>Frequency: Annual</i></p>

Photo: A Waka Odyssey, 2018 New Zealand Festival. Photo by Jeff McEwan

## Glossary

The following Māori terms have been used in this plan:

<b>Ahikāroa</b>	Refer to moemoea page 5	<b>Moemoea</b>	Vision	<b>Teina</b>	Mentee/junior relative
<b>Hapū</b>	Sub-tribe/kinship group	<b>Mokopuna</b>	Grandchild/ren	<b>Tikanga</b>	Correct procedure/custom
<b>Iwi</b>	Tribe/extended kinship group	<b>Pā</b>	Fortified village	<b>Tiriti o Waitangi</b>	Treaty of Waitangi
<b>Kāinga</b>	Home	<b>Pou</b>	Pillars	<b>Tuakana</b>	Mentor/more senior branch of the family
<b>Kaitiakitanga</b>	Guardianship	<b>Rangatahi</b>	Youth	<b>Uri</b>	Descendant/successor
<b>Kupu</b>	Word	<b>Rangatira</b>	Chief	<b>Wānanga</b>	Tribal knowledge
<b>Manaaki</b>	Hospitality/ take care of	<b>Rangatiratanga</b>	Chieftainship	<b>Whakapapa</b>	Genealogy
<b>Mana whenua</b>	Authority over land or territory	<b>Takiwā</b>	Region	<b>Whakatauākī</b>	Proverb/significant saying
<b>Manuhiri</b>	Visitor	<b>Tamariki</b>	Children	<b>Whare</b>	House
<b>Marae</b>	Meeting ground	<b>Tangata whenua</b>	Local people/people born of the whenua	<b>Wharekai</b>	Dining hall
<b>Mareikura</b>	Female spiritual being	<b>Tangihanga</b>	Funeral	<b>Whatukura</b>	Male spiritual being
<b>Mātauranga</b>	Knowledge/wisdom	<b>Te Moananui a Kiwa</b>	Pacific Ocean	<b>Whānau</b>	Family
<b>Mātāwaka</b>	Māori from iwi outside our region	<b>Te Upoko o Te Ika</b>	Wellington region	<b>Whenua</b>	Land

## Acronyms

The following acronyms have been used in this plan:

<b>CDC</b>	Carterton District Council	<b>MCH</b>	Ministry for Culture and Heritage	<b>SWDC</b>	South Wairarapa District Council
<b>CHQ</b>	Creative HQ	<b>MDC</b>	Masterton District Council	<b>TPK</b>	Te Puni Kōkiri
<b>DOC</b>	Department of Conservation	<b>MFE</b>	Ministry for the Environment	<b>UHCC</b>	Upper Hutt City Council
<b>HCC</b>	Hutt City Council	<b>MOE</b>	Ministry of Education	<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organisation
<b>INZ</b>	Immigration New Zealand	<b>MOT</b>	Ministry of Transport	<b>WCC</b>	Wellington City Council
<b>GDP</b>	Gross Domestic Product	<b>MPI</b>	Ministry for Primary Industries	<b>WDC</b>	Workforce Development Council
<b>GWRC</b>	Greater Wellington Regional Council	<b>MSD</b>	Ministry of Social Development	<b>WEDS</b>	Wairarapa Economic Development Strategy
<b>HDC</b>	Horowhenua District Council	<b>PCC</b>	Porirua City Council	<b>WNZ</b>	WellingtonNZ
<b>KCDC</b>	Kāpiti Coast District Council	<b>RSLG</b>	Regional Skills Leadership Group	<b>WRGF</b>	Wellington Regional Growth Framework
<b>MBIE</b>	Ministry of Business, Innovation and Employment	<b>STEM</b>	Science, technology, engineering and manufacturing	<b>WRLC</b>	Wellington Regional Leadership Committee

## End notes

- 1 You have your house of knowledge, I have my house of knowledge
- 2 Decent work (ilo.org)
- 3 Wellington Regional Leadership Committee (wrlc.org.nz)
- 4 Wellington Regional Economic Development - Phase 1: Literature and Data Review - 11 June 2021 (gw.govt.nz)
- 5 The PRISM Regional Economies Framework (growregions.govt.nz)
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- 7 BERL - Māori Economy in the Greater Wellington Region - 30 March 2018 (wrgf.co.nz)
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- 9 The Economist (safecities.economist.com)
- 10 Global Liveability Index 2022 Report - Economist Intelligence Unit (eiu.com)
- 11 Innovation Cities™ Index - City Rankings (innovation-cities.com)
- 12 Exploring Omicron's potential economic impact on New Zealand (infometrics.co.nz)
- 13 As measured by Nielsen bi-annual Quality of Life Survey. In 2020, 89% of Wellington region's residents quality of life was positive, while only 56% of residents reported having enough or more than enough income to meet their everyday needs.
- 14 Wellington Regional Growth Framework Report - July 2021 (wrgf.co.nz)
- 15 New Zealand firms: reaching for the frontier - Final report April 2021 (productivity.govt.nz)
- 16 A new wave of innovation hubs sweeping the world (forbes.com)
- 17 Wellington Chamber of Commerce Business Confidence Report 2022
- 18 New Zealand's most creative city in 2021 (infometrics.co.nz)
- 19 Note data not available for Horowhenua
- 20 Economic context to the Wellington Regional Screen Sector Strategy 2022
- 21 Wellington Regional Screen Sector Strategy 2022
- 22 Fire Appliances Archives - Fraser Engineering (fraser.org.nz)
- 23 Our Boats — WEBBCo (electricboatbuilders.co.nz)
- 24 Infometrics - GDP contributions by industries 2021
- 25 Infometrics - employment by industries 2021
- 26 New Zealand has relatively few large manufacturers to give the sector public recognition, for example, only 4% of New Zealand's 21,528 manufacturing firms have more than 50 employees.
- 27 Megatrends affecting NZ's working environment (infometrics.co.nz)
- 28 Industry transformation plans (mbie.govt.nz)
- 29 New Zealand Advertising Authority Report 2019 as reported in NZ Herald (nzherald.co.nz)
- 30 Deloitte Economics Report into the Economic Impact of AirBNB in Aotearoa 2018 (airbnb.com)
- 31 About Xero (xero.com)
- 32 Sharesies raises \$50 million, says it's now valued at \$500m (stuff.co.nz)
- 33 Kiwi fintech Hnry raises \$16m at \$100m valuation as 'The Great Resignation' fuels freelancing boom (nzherald.co.nz)
- 34 A West Coast Innovation Hub - Trade and Invest British Columbia (britishcolumbia.ca)
- 35 Monthly Regional Tourism Estimates for Greater Wellington Region – tables for year ending March 2020 (mbie.govt.nz)
- 36 Research for Tourism New Zealand shows that it takes 12 overnight trips from Kiwis to equal the spend of one international visitor and foreign tourists spend up to three times more a day than locals
- 37 Destination Management and why it's important (mbie.govt.nz)
- 38 Destination Stakeholder Consultation Feedback Research, WellingtonNZ and Tourism Recreation Conservation Consultants, March 2021; and Colmar Brunton Destination Management Plan Wellington Domestic Research, December 2020
- 39 Tourism 2025 & Beyond (tia.org.nz)
- 40 Wellington Chamber of Commerce survey 2022 - 71% of businesses surveyed agreed that "It is important that the Council and WellingtonNZ leverage our Capital City status to attract more visitors and tell our national and local stories."
- 41 Tourism Industry Transformation Plan (mbie.govt.nz)
- 42 Climate change projections for the Wellington and Wairarapa region (environment.govt.nz)
- 43 He Waka Eke Noa - Primary Sector Climate Action Partnership with industry, Māori and government (hewakaekenoa.nz)
- 44 As detailed in reports including Beef + Lamb New Zealand's Future of Meat report (beeflambnz.com)
- 45 Growing the productive base of Māori freehold land – further evidence and analysis (mpi.govt.nz)
- 46 Industry Transformation Plans (mbie.govt.nz)
- 47 Te Matarau a Māui (tematarau.co.nz)
- 48 Productivity Commission (productivity.govt.nz)
- 49 Infometrics, 2021
- 50 Labour market pressures here to stay (infometrics.co.nz)
- 51 Tertiary Education Commission - Drawing the Future research report, 2019 (tec.govt.nz)
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- 53 Water Availability and Security in Aotearoa New Zealand, MPI (April 2021), Climate Change Projections for the Wairarapa, NIWA (September 2021), Climate Change & Variability Wellington Region, NIWA (June 2017)
- 54 Greater Wellington Regional Council — Whaitua: protecting the waters of your area (gw.govt.nz)
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- 56 Water Supply Asset Management Plan, Masterton District Council, June 2021
- 57 The Value of Resilient Raw Water Supply to a Community, UTILITY, December 2020
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- 65 A. Grimes, Infrastructure and Regional Economic Growth, (2021) Handbook of Regional Science
- 66 Global Infrastructure Hub, New Zealand puts wellbeing at the centre of infrastructure development, December 2020 (gihub.org)
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## ACTIONS TRACKING

### Kōrero taunaki | Summary of considerations

#### Purpose

1. This report provides an update on the past actions agreed by the Pūroro Tahua | Finance and Performance Committee at its previous meetings.

#### Strategic alignment with community wellbeing outcomes and priority areas

Aligns with the following strategies and priority areas:

#### Strategic alignment with priority objective areas from Long-term Plan 2021–2031

- Sustainable, natural eco city
- People friendly, compact, safe and accessible capital city
- Innovative, inclusive and creative city
- Dynamic and sustainable economy
- Functioning, resilient and reliable three waters infrastructure
- Affordable, resilient and safe place to live
- Safe, resilient and reliable core transport infrastructure network
- Fit-for-purpose community, creative and cultural spaces
- Accelerating zero-carbon and waste-free transition
- Strong partnerships with mana whenua

#### Relevant Previous decisions

Not applicable.

#### Financial considerations

Nil

Budgetary provision in Annual Plan /  
Long-term Plan

Unbudgeted \$X

#### Risk

Low

Medium

High

Extreme

Author	Emily Deans, Democracy Advisor
Authoriser	Stephen McArthur, Chief Strategy & Governance Officer

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## Taunakitanga | Officers' Recommendations

Officers recommend the following motion

That the Pūroro Tahua | Finance and Performance Committee:

1. Receive the information.

Whakarāpopoto | Executive Summary<sup>2</sup>. This report lists the dates of previous committee meetings and the items discussed at those meetings.

3. Each clause within the resolution has been considered separately and the following statuses have been assigned:
  - In progress: Resolutions with this status are currently being implemented.
  - Complete: Clauses which have been completed, either by officers subsequent to the meeting, or by the meeting itself (i.e. by receiving or noting information).
4. All actions will be included in the subsequent monthly updates, but completed actions will only appear once.

## Takenga mai | Background

5. At the 13 May 2021 Council meeting, the recommendations of the Wellington City Council Governance Review (the Review Report) were endorsed and agreed to be implemented.
6. The purpose of this report is to ensure that all resolutions are being actioned over time. It does not take the place of performance monitoring or full updates. The committee could resolve to receive a full update report on an item if it wishes.

## Kōrerorero | Discussion

7. Following feedback, the status system has been changed so that resolutions either show as 'in progress' or 'complete'.
8. Of the 8 resolutions of the Pūroro Tahua | Finance and Performance Committee in August 2022:
  - 8 are complete.
9. Five in progress actions were carried forward from the August action tracking report.
  - Three are still in progress.
10. Note that there were resolutions made in the public excluded portions of the previous Pūroro Tahua | Finance and Performance Committee meetings.
11. For a public excluded resolution, each individual clause will not be reported on in a public meeting. These resolutions have been treated as a whole.
12. Updates on individual clauses of a public excluded resolution can be provided to councillors outside of a formal meeting.
13. Further detail is provided in Attachment One.

## Attachments

Attachment 1. Actions Tracking  

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Date	ID	Committee	Title	#	Clause	Status	Comment
17/06/2021	296	Pūroro Tahua   Finance and Performance Committee	4.1: Chaffers Marina Limited Options		All clauses	In progress	
18/11/2021	304	Pūroro Tahua   Finance and Performance Committee	2.8 Te Upoko o Te Ika a Māui Commitment	3	Note that spend targets are yet to be developed and will brought back to the Committee for approval.	In progress	We are actively working with Mataaho Aronui, Iwi partners & Commercial Partnerships to develop and agree these targets and then will report back to the Committee for approval.
16/06/2022	305	Pūroro Tahua   Finance and Performance Committee	2.3 Allocation of landfill surpluses	2	Agree the framework as outlined in this paper.	Completed	
16/06/2022	306	Pūroro Tahua   Finance and Performance Committee	2.3 Allocation of landfill surpluses	4	Request officers develop a quarterly report on the progress of the zero waste programme and this be included in the Priority Investment Report to the Pūroro Waihanga   Infrastructure Committee.	Completed	
16/06/2022	307	Pūroro Tahua   Finance and Performance Committee	2.3 Allocation of landfill surpluses	5	Request officers provide a full breakdown of the landfill surplus and its allocation through the Annual Plan and Long Term Plan process.	In progress	This will form part of the next Annual Plan and LTP processes.
18/08/2022	610	Pūroro Tahua   Finance and Performance Committee	2.1 Annual Report 2021/22 progress update	1	Receive the information.	Completed	
18/08/2022	611	Pūroro Tahua   Finance and Performance Committee	2.1 Annual Report 2021/22 progress update	2	Note the progress update on the Annual Report 2021/22.	Completed	

Date	ID	Committee	Title	#	Clause	Status	Comment
18/08/2022	612	Pūroro Tahua   Finance and Performance Committee	2.1 Annual Report 2021/22 progress update	3	Note the timeline for producing the Annual Report.	Completed	
18/08/2022	613	Pūroro Tahua   Finance and Performance Committee	2.2 Biannual Procurement Strategy Review	1	Receive the information.	Completed	
18/08/2022	614	Pūroro Tahua   Finance and Performance Committee	2.2 Biannual Procurement Strategy Review	2	Note that the next report-back on progress in implementing the Procurement Policy, Procedures and Contract Management Framework, including Broader Outcomes achievements in February 2023.	Completed	
18/08/2022	615	Pūroro Tahua   Finance and Performance Committee	2.3 Forward Programme	1	Receive the information.	Completed	
18/08/2022	616	Pūroro Tahua   Finance and Performance Committee	2.4 Actions Tracking	1	Receive the information.	Completed	
18/08/2022	617	Pūroro Tahua   Finance and Performance Committee	3.1 CCO Board Appointments		All Clauses	Completed	

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### 3. Committee Reports

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## REPORT OF THE KĀWAI MĀHIRAHIRA | AUDIT AND RISK SUBCOMMITTEE MEETING OF 14 SEPTEMBER 2022

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**Members:** Mayor Foster (not present), Councillor Condie (Deputy Chair), Liz Kelly (not present), Councillor Pannett, Councillor Paul (not present – apologies accepted), Linda Rieper (External), Bruce Robertson (Chair), Councillor Rush, Roy Tiffin (External).

#### **The Subcommittee recommends:**

#### **HEALTH, SAFETY AND SECURITY (PERFORMANCE) REPORT**

#### **Recommendation/s**

That the Pūroro Tāhua | Finance and Performance Committee:

1. Receive the information.

#### **DRAFT 2021/22 ANNUAL REPORT AND AUDIT PROCESS**

#### **Recommendation/s**





That the Pūroro Tāhua | Finance and Performance Committee:

1. Approve the Accounting Policies contained in the draft financial statements (Attachment 2) for adoption for the financial statements for the year ended 30 June 2022.
2. 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 2022, subject to the resolution of any matters identified during the meeting and those arising from year-end and annual audit from Audit New Zealand.
3. Approve the draft Annual Report for Wellington City Council and Group for the year ended 30 June 2022 (Attachment 1 and 2).
4. Approve the request for the elected Council formed after the 2022 election, to adopt the Annual Report for Wellington City Council and Group for the year ended 30 June 2022 (Attachment 1 and 2) subject to changes under recommendations e) and f).
5. Delegate to the Chair and Deputy Chair of the Audit and Risk Subcommittee up to the end of the triennium the authority to deal with any significant issues arising after this meeting that are under the delegations of the Subcommittee, ensuring they are appropriately addressed through discussions with Officers and liaison with other Subcommittee members if necessary.
6. Delegate to the Chief Executive Officer the authority to make minor editorial changes that may arise as part of the finalising of the draft 2021/22 Annual Report before presentation to the 2022 elected Council following the 2022 election.

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The agenda and minutes are available on the Wellington City Council [website](#) and on Diligent. The updated attachments to the Draft Annual Report 2021/22 and Audit Process are attached here.

**Attachments**

Attachment 1. Draft Annual Report 2021/22   Page 91  
Attachment 2. Draft Financial Statements 2021/22   Page 268

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# Te Pūrongo ā-Tau 2021/22 Annual Report 2021/22

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*Volume 1*

DRAFT

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Wellington City Council is a public benefit entity for financial reporting purposes. The financial statements within the Annual Report were prepared in accordance with and comply with New Zealand Generally Accepted Accounting Principles (GAAP) and comply with Public Sector

Public Benefit Entity Accounting Standards (PBE accounting standards) for a Tier 1 entity.  
The financial statements are denominated in New Zealand dollars.

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## Nau mai, haere mai – Welcome

**Nau mai ki tā mātou tirohanga rāpopoto o te tau 2021/22. Welcome to our report of the 2021/22 year.**

This Annual Report describes how Wellington City Council and the Council-controlled organisations (CCOs) performed over the 2021-22 financial year. Included in this report are the key projects/programmes and services we delivered that contribute to Wellington being the capital we want it to be. The period covered is from 1 July 2021 to 30 June 2022 and reports against our Long-term Plan 2021-2031 and fulfils our obligations under the Local Government Act 2002 - to report our past year's highlights, performance results and budget to our residents, stakeholders and community.

The theme for this year's report is he tāone e whakaumu ana - a city in transition. This year, we have focused strongly on planning necessary changes, as well as responding to the COVID-19 pandemic. The future will involve putting into action the blueprint to build on our city's strengths - an environmentally-conscious, socially-connected, innovative and vibrant capital city.

This Annual Report 2021/22 was adopted by the Council on xx December 2022, and received an unmodified opinion on the audited information, except for the statement of service provision.

A qualified opinion was received for two performance measures relating to the delivery of water Services managed by Wellington Water on behalf of the Council. For more information on these performance measures refer to: maintenance of the reticulation network - water supply (pg X); and total number of complaints received (pg X, X and X).

Copies of the full Annual Report 2021/22 and the summary are available to view at Council offices, libraries, or at [wellington.govt.nz](http://wellington.govt.nz).

### We acknowledge mana whenua

Through the signing of Tākai Here, we as a council have forged stronger partnerships with our Mana Whenua here in Te Whanganui ā Tara. This partnerships agreement allows for a stronger governance relationship and sets out the principals, values, and priorities for the way in which we work together. The signing of the document took place 182 years to the day that Te Tiriti was signed here in Te Whanganui a Tara, acknowledging the creation of a new partnership.

Through Tākai Here, we work in partnership with:

- Taranaki Whānui Kī Te Upoko o Te Ika (Port Nicholson Block Settlement Trust)
- Te Rūnanga o Toa Rangatira
- Te Rūnanganui o Te Āti Awa Kī Te Upoko o Te Ika a Māui

We also have relationships with the Te Aro Pā Trust and the Wellington Tenths Trust.

### We acknowledge Te Tiriti o Waitangi

We recognise that Te Tiriti o Waitangi forms the underlying foundation of the Council – mana whenua relationship, and that the Council acts in accordance with Te Tiriti o Waitangi.



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## Message from our Mayor

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## Message from our Chief Executive

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## Section 1: Our city

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*[Te reo heading]*

***In this section***

This section includes an overview of the city's history, our population, economy, location, and our environment.

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## City profile

Located at the heart of New Zealand, Wellington is the southern-most capital city in the world, and the centre of the country's government, coffee culture and film industries.

Its unique landscape features bush covered hills, rivers and streams, a large natural harbour, rocky and sandy coastlines and a growing population of wildlife. It is the pride and taonga of many Wellingtonians and is actively protected, nurtured and restored.

Through centuries of settlement by Māori and Pākehā, the area has quickly developed into a creative and vibrant city.

## Wellington at a glance

Our people <sup>1</sup>	Our city
<b>217,000<sup>1</sup></b> Wellington City population	<b>2,145</b> Sunshine hours in 2021 <sup>2</sup>
<b>51.4%<sup>1</sup></b> Population is under 35	<b>98.9km</b> Length of coastline
<b>15.7%<sup>1</sup></b> Population over 60	<b>381km</b> Walking and biking tracks
<b>228,392<sup>3</sup></b> Population forecast for 2028	<b>108</b> Play areas in Wellington <sup>4</sup>
<b>276,472</b> Population forecast for 2051	<b>\$149,639</b> Average household income <sup>5</sup>

### Our history

According to Māori tradition, Whatonga, a chief of the Kurahaupō waka was the first person to settle the lands at the southern tip of the north island which was known as Te Upoko-o-te-lka, 'the head of the fish'. Whatonga's son, Tara, was said to be enamoured with the deep and beautiful harbour at the very nostrils of the fish, and so Whatonga named the harbour, Whanganui-a-tara after his son.

The region was slowly populated with peoples of Kurahaupō descent including Ngāi Tara, Mua-upoko, Ngāti Apa, Ngāti Rangitāne and Ngāti Tu-mata-kokiri who established hilltop pa (fortresses) on strategic and sheltered sites around the Wellington Harbour. In the 1820s, tribes from the Taranaki region moved south to Te Upoko-o-te-lka.

In the 1840s, European settlers began to arrive and colonise the region.

Wellington became New Zealand's capital in 1865, with Parliament officially sitting in the city for the first time on 26 July 1865.

<sup>1</sup> Figures in this section from Infometrics Wellington City - Regional Economic Profile

<sup>2</sup> NIWA Annual Climate Summary 2021

<sup>3</sup> Population forecasts – SensePartners 2022

<sup>4</sup> WCC figures for Coastline, Tracks and Playgrounds

<sup>5</sup> Infometrics Wellington City Economic Profile – Living Standard – [Household Income](#)



On 28 September 1870, the Wellington City Council met for the first time. Since then, it has had 36 Mayors and hundreds of Councillors.

As the city grew so did its responsibility for the introduction of fresh drinking water, the sewerage system, social housing, libraries, swimming pools and a host of amenities. Today the Council manages over 400 different services and facilities.

### **Our population**

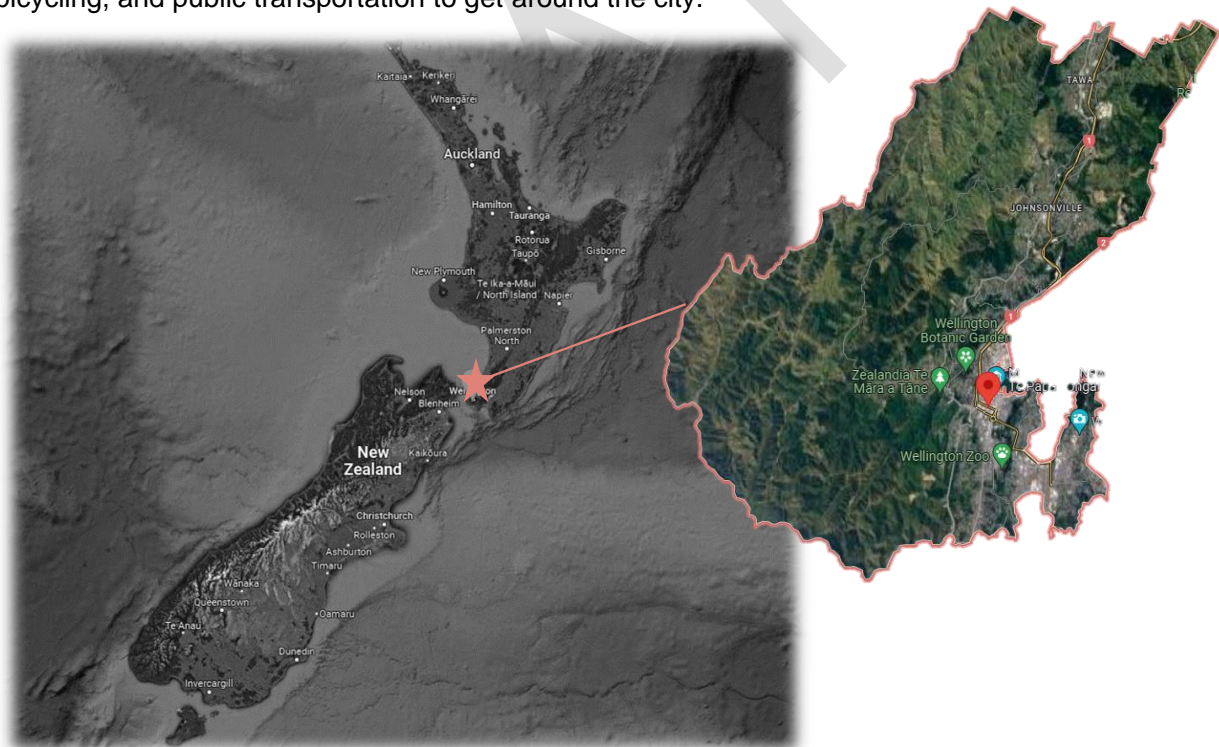
Our diverse population of 217,000 makes us stand out as a proud and vibrant city.

The city is home to many cultures, with approximately 34 percent of residents being born overseas. Common ethnic groups in the city include European, Māori, Pacific peoples and Asian peoples.

### **Our location**

Wellington City is located at the south-western tip of the North Island and spreads across 289.91 square kilometres<sup>6</sup> and 56 suburbs.

The city lies on the shores and hills surrounding Wellington Harbour. This provides our community to discover walks and walkways, beaches and coast, parks and gardens, playgrounds and mountain bike tracks. The size of the city provides many options for transportation. Although many drive private vehicles, many also enjoy walking/jogging, bicycling, and public transportation to get around the city.



### **Our economy**

Wellington City is at the heart of the Greater Wellington region - our economy is vital to the economic wellbeing of the region and to New Zealand as a whole.

<sup>6</sup> StatsNZ Geographic Boundary View

Our local economy sustains 174,340 jobs and our city is home to 28,689 businesses. Our local economy produced over \$27.3 billion this year in gross regional product. Our export trade is estimated over \$1 billion.

The 2021-22 year has been a challenging year for the city, its businesses, and our people. The City has had to, for example, respond to the on-going uncertainty from changing pandemic alert levels disrupting goods and service supply chains, disruption to the central city from a highly visible and sustained protest at parliament and, the impact on businesses - particularly hospitality, retail, arts and cultural sectors - from workers and customers self-isolating and choosing to work from home out of the City. These events have also challenged the overall health and wellbeing of residents.

Despite the challenges, employment of Wellington City residents grew 2.1 percent in June 2022. Professional, scientific and technical services lead the way in terms of job growth, with health care, retail, construction, and financial services also posting notable gains.

Employment growth has brought the city's unemployment rate down to a low of 3.2 percent.<sup>7</sup>

***Our environment***

Like many other regions in New Zealand the City is already being affected by climate change for example - more frequent and intense weather events causing flooding and disruption to services. We are facing climate change emergency which means that our commitment to conserving, restoring and enhancing our environment becomes even more important to the wellbeing of the City. This means ensuring ecologically sustainable development and balancing social, economic and environmental values in developing the city.

We actively work with the local community to address climate change and other environmental challenges. We provide waste education and protect our natural bushland areas, local biodiversity and the health of our waterways.

You can read more about our environmental initiatives in “Our response to climate change” on page 24.

**Calendar of Community Events 2021/2022**

Changing COVID-19 alert levels during the year meant that person to person contact was restricted and as a result, the Council was faced with cancelling and /or postponing many events. In response we actively looked for opportunities for events to be delivered differently - for example by quickly moving them online. The following is snapshot of the Calendar of Community Events held during the year including those cancelled or postponed.

<b>21</b> occurred as planned	<b>32</b> cancelled
<b>7</b> postponed	<b>2</b> Moved online

<sup>7</sup> Infometrics Wellington City Economic Profile - [Overview](#)

## 2021

### July:

- Ahi Kā
- Matariki Sky Show

### October:

- *Te Papa emergency services day (postponed)*
- *Diwali (cancelled)*

### November:

- *Pink Star Walk (cancelled)*
- *Corporate Challenge (cancelled)*
- *Walking stars (cancelled)*
- *Africa Day (postponed)*
- *A Very Welly Christmas (cancelled)*

### December:

- *Tawa Christmas Parade (cancelled)*
- *Johnsonville Lions Christmas parade (cancelled)*
- *Thorndon Fair (cancelled)*
- *Kilbirnie Christmas Parade (cancelled)*
- *Victoria University Of Wellington Graduation & Parade 2020 (cancelled)*
- *Carols in the Park (cancelled)*
- *Khandallah Village Street Fair (cancelled)*
- Christmas Street Performances
- *Beers at the Basin (postponed)*
- The Extravaganza Fair Waitangi Park
- Widow Wonderland
- *New Year's Eve (cancelled)*

## 2022

### January:

- *Gardens Magic (cancelled)*
- *Kids Magic (cancelled)*
- *Pasifika Festival (postponed)*
- Youthtown 3x3 quest basketball
- Swim the Lighthouse Ocean Swim
- Gardens Trail

### February:

- *Salsa at Sunset series (cancelled)*
- *Lunar New Year fireworks (cancelled)*
- *Island Bay Festival - Day in the Bay (cancelled)*
- *Brendan Foot Supersite Round the Bays (cancelled)*
- *Pipes in the Park (cancelled)*
- *Whanau film night (online)*

- *Te Rā o Waitangi (online)*
- *Nitro Circus (postponed)*
- Ghost Diving NZ - annual clean up
- Harbour Challenge
- Aotearoa NZ Festival of the Arts - Kura Moana
- Dragon Boat Harbour fun day
- *Wellington Fried Chicken Fest (postponed)*
- Performance Arcade

**March:**

- *Capital Enduro (cancelled)*
- *Newtown Festival (cancelled)*
- *Wellington International Pride Parade (cancelled)*
- *Capital E's Children's Day (cancelled)*
- *St Patrick's Day Parade (cancelled)*
- *Jim Beam Homegrown (cancelled)*
- *Six 60 (cancelled)*
- *CubaDupa (cancelled)*
- *Weetbix kids (cancelled)*
- Park(ing) Day
- *BOWLZILLA Wellington (postponed)*
- Dragon Boat festival

**April:**

- *Beers at the Basin (cancelled)*
- Wellington Citizen Wreath Laying Service
- ANZAC Dawn Service

**May**

- *UFBA National Combat Challenge (cancelled)*

**June:**

- *Loemis (cancelled)*
- Queens Jubilee Beacon
- Japan Festival
- Dawn Blessing of St James
- Matariki /Ahi Kā



## Section 2: Our leaders and strategic direction

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*[Te reo heading]*

### ***In this section***

This section provides a summary of our Mayor, Councillors, and our Executive Team. It also includes our Strategic Direction - our vision, our strategic outcomes, and the roles Council plays.

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## Our Mayor and Councillors

The Mayor is the leader of the Council and has the statutory role to lead the Councillors and people in the City.

The Mayor leads the development of the Council's plans, policies and budgets for consideration by the Council. The Mayor is the primary Council spokesperson and leads central government liaison, supported by relevant councillors.

Alongside making city-wide decisions, Councillors are responsible for representing those from the geographical area (ward) that elected them. This involves meeting people and organisations and advocating on their behalf or addressing any issues they may face. However, Councillors make decisions based on what is good for all Wellingtonians.

For details of Mayor, Deputy Mayor and Councillors' remuneration, see Note 37 in Section 5: Financial statements on pg X.

More information the Councillors and any external appointments they hold is at [wellington.govt.nz/your-council/about-the-council/mayor-and-councillors](http://wellington.govt.nz/your-council/about-the-council/mayor-and-councillors)

Councillor Malcolm Sparrow (Takapū/Northern Ward) resigned as a Councillor in October 2021.

On 30 June 2021 Liz was appointed as Ngāti Toa Rangatira representative to all committees and subcommittees, except the CEO Performance Review Committee, Community Boards, the Appointment Group, and the District Licencing Committee, effective 1 July 2021.

### **Mayor Andy Foster** **Citywide**

**Contact:** [mayor@wcc.govt.nz](mailto:mayor@wcc.govt.nz)

Andy was elected Mayor in 2019 and joined Wellington City Council as Wharangi/Onslow-Western Ward Councillor in 1992.

As Mayor, Andy is Chair of Council meetings, Deputy Chair to the Pūroro Maherehere/Annual Plan/Long -Term Plan Committee, and member of all committees and subcommittees.

His external appointments include being member of Wellington Regional Leadership CCommittee; Joe Aspell Trust; Wellington International Airport Ltd; NZ International Arts Festival Trust; Thomas George Macarthy Trust; Guardians of the Sanctuary; Regional Transport Committee; Wellington Regional Amenities Fund Joint Committee and Wellington Water Committee. He is the Presiding Delegate over Local Government New Zealand Zone 4.

### **Deputy Mayor Sarah Free** **Motukairangi/Eastern Ward**

**Contact:** [sarah.free@wcc.govt.nz](mailto:sarah.free@wcc.govt.nz)

Sarah was first elected to Council in 2013 as one of three Motukairangi/Eastern Ward Councillors and appointed Deputy Mayor in 2019.

She is the Deputy Chair of Council meetings and Ngutu Taki/CEO Performance Review Committee. She was appointed by Council to the Pūroro Tahua/Finance and Performance Committee, Pūroro Āmua/Planning and Environment Committee, Pūroro Waihanga/Infrastructure Committee, Pūroro Rangaranga/Social, Cultural and Economic Committee, Pūroro Maherehere/Annual Plan/Long-Term Plan Committee, and the Regulatory Process Committee.

She is a member of Local Government New Zealand Zone 4, Regional Transport Committee and Wellington Regional Leadership Committee.

***Councillor Diane Calvert***  
***Wharangi/Onslow-Western Ward***

**Contact:** [diane.calvert@wcc.govt.nz](mailto:diane.calvert@wcc.govt.nz)

Diane was first elected to Council in 2016 as one of three Wharangi/Onslow-Western Ward Councillors.

She is the Chair of Pūroro Tahua/Finance and Performance Committee, and was appointed by Council to the Pūroro Āmua/Planning and Environment Committee, Pūroro Waihanga/Infrastructure Committee, Pūroro Rangaranga/Social, Cultural and Economic Committee, Pūroro Maherehere/Annual Plan/Long-Term Plan Committee and Ngutu Taki/CEO Performance Review Committee.

She is also a Council-appointed member of the Wellington Regional Leadership Committee, and liaison with the Wellington Multi-Cultural Council.

***Councillor Jenny Condie***  
***Takapū/Northern Ward***

**Contact:** [jenny.condie@wcc.govt.nz](mailto:jenny.condie@wcc.govt.nz)

Jenny was first elected to Council in 2019 as one of three Takapū/Northern Ward Councillors.

She is the Deputy Chair of the Pūroro Waihanga/Infrastructure Committee, and Audit and Risk Subcommittee. She was appointed by Council to the Pūroro Tahua/Finance and Performance Committee, Pūroro Āmua/Planning and Environment Committee, Pūroro Rangaranga/Social, Cultural and Economic Committee, Pūroro Maherehere/Annual Plan/Long-Term Plan Committee and Regulatory Process Committee.

She is also a Council-appointed member of the Safe and Sustainable Transport Forum, Wellington Regional Leadership Committee, Te Awarua-o-Porirua Harbour and Catchment Joint Committee, Local Government New Zealand Zone 4 and alternate member of Wastewater Treatment Plant and Landfill Joint Committee.

***Councillor Jill Day***  
***Takapū/Northern Ward***

**Contact:** [jill.day@wcc.govt.nz](mailto:jill.day@wcc.govt.nz)

Jill Day was first elected to Council in 2016 and is one of three Takapū/Northern Ward Councillors. Jill descends from Ngāti Tūwharetoa.

She is Chair of the Pūroro Rangaranga/Social, Cultural and Economic Committee, and was appointed by Council to the Pūroro Tahua/Finance and Performance Committee, Pūroro Āmua/Planning and Environment Committee, Pūroro Waihanga/Infrastructure Committee, Pūroro Maherehere/Annual Plan/Long-Term Plan Committee, Ngutu Taki/CEO Performance Review Committee and Grants Subcommittee

She is also a Council-appointed member on Te Wharewaka o Pōneke, Local Government New Zealand Zone 4, and Tawa Community Board.

She is an alternate Councillor liaison for Youth Council, and liaison with the Wellington Multi-Cultural Council.

***Councillor Fleur Fitzsimons  
Paekawakawa/Southern Ward***

**Contact:** [fleur.fitzsimons@wcc.govt.nz](mailto:fleur.fitzsimons@wcc.govt.nz)

Fleur was first elected to Council by-election in 2017 and is one of two Paekawakawa/Southern Ward Councillors.

She is the Chair of the Grant Subcommittee, and was appointed by Council to the Pūroro Tahua/Finance and Performance Committee, Pūroro Āmua/Planning and Environment Committee, Pūroro Waihanga/Infrastructure Committee, Pūroro Rangaranga/Social, Cultural and Economic Committee and the Pūroro Maherehere/Annual Plan/Long-Term Plan Committee.

She is also a Council-appointed member on the Wellington Zoo Trust and Basin Reserve Trust.

She is an alternate member in the Art Collection Group.

***Councillor Laurie Foon  
Paekawakawa/Southern Ward***

**Contact:** [laurie.foon@wcc.govt.nz](mailto:laurie.foon@wcc.govt.nz)

Laurie was first elected to Council in 2019 and is one of two Paekawakawa/Southern Ward Councillors.

She is the Deputy Chair of the Pūroro Tahua/Finance and Performance Committee, was appointed by Council to the Pūroro Āmua/Planning and Environment Committee, Pūroro Waihanga/Infrastructure Committee, Pūroro Rangaranga/Social, Cultural and Economic Committee, Pūroro Maherehere/Annual Plan/Long-Term Plan Committee and Grants Subcommittee.

She is also the Chair of Wellington Region Waste Management and Minimisation Plan Joint Committee and is a Council-appointed member of Waste Forum - Wellington Region and the Wastewater Treatment Plant and Landfill Joint Committee.

Laurie is a Council-appointed member of the Wellington Museums Trust, and an alternate councillor liaison for the Environmental Reference Group and the Wellington Region Climate Change Working Group.

***Councillor Rebecca Matthews  
Wharangi/Onslow-Western Ward***

**Contact:** [rebecca.matthews@wcc.govt.nz](mailto:rebecca.matthews@wcc.govt.nz)

Rebecca was first elected to Council in 2019 and is one of three Wharangi/Onslow-Western Ward Councillors.

She is the Chair of the Pūroro Maherehere/Annual Plan/Long-Term Plan Committee, was appointed by Council to the Pūroro Āmua/Planning and Environment Committee, Pūroro Tahua/Finance and Performance Committee, Pūroro Waihanga/Infrastructure Committee, Pūroro Rangaranga/Social, Cultural and Economic Committee, Regulatory Process Committee and Grants Subcommittee.

She is a Council-appointed member of Joe Aspell Trust and councillor liaison for the Accessibility Advisory Group.

Rebecca is an alternate councillor liaison of the Pacific Advisory Group and Safe and Sustainable Transport Forum.



**Councillor Teri O'Neill**  
**Motukairangi/Eastern Ward**

**Contact:** [teri.oneill@wcc.govt.nz](mailto:teri.oneill@wcc.govt.nz)

Teri was first elected to Council in 2019 and is one of three Motukairangi/Eastern Ward Councillors.

Teri is Deputy Chair of the Regulatory Processes Committee and Grants Subcommittee. Teri was appointed by Council to the Pūroro Tahua/Finance and Performance Committee, Pūroro Āmua/Planning and Environment Committee, Pūroro Waihanga/Infrastructure Committee, Pūroro Rangaranga/Social, Cultural and Economic Committee, Pūroro Maherehere/Annual Plan/Long-Term Plan Committee and Regulatory Process Committee.

Teri is also Council-appointed liaison for the Pacific Advisory Group and Takatāpui and Rainbow Advisory Council, and an alternate member for Guardians of the Sanctuary.

**Councillor Iona Pannett**  
**Pukehīnau/Lambton Ward**

**Contact:** [iona.pannett@wcc.govt.nz](mailto:iona.pannett@wcc.govt.nz)

Iona was first elected to Council in 2007 and is one of three Pukehīnau/Lambton Ward Councillors.

She is the Chair of the Pūroro Āmua/Planning and Environment Committee was appointed by Council to the Pūroro Tahua/Finance and Performance Committee, Pūroro Waihanga/Infrastructure Committee, Pūroro Rangaranga/Social, Cultural and Economic Committee, Pūroro Maherehere/Annual Plan/Long-Term Plan Committee, Ngutu Taki/CEO Performance Review Committee, and Audit and Risk Subcommittee.

She is the alternate representative on the Waste Forum-Wellington Region, and Wellington Region Waste Management and Minimisation Plan Joint Committee.

**Councillor Tamatha Paul**  
**Pukehīnau/Lambton Ward**

**Contact:** [tamatha.paul@wcc.govt.nz](mailto:tamatha.paul@wcc.govt.nz)

Tamatha was first elected to Council in 2019 and is one of three Pukehīnau/Lambton Ward Councillors. She descends from Ngāti Awa and Waikato Tainui.

She is the Deputy Chair of the Pūroro Āmua/Planning and Environment Committee was appointed by Council to the Pūroro Tahua/Finance and Performance Committee, Pūroro Waihanga/Infrastructure Committee, Pūroro Rangaranga/Social, Cultural and Economic Committee, Pūroro Maherehere/Annual Plan/Long-Term Plan Committee, Audit and Risk Subcommittee.

She is also a Council-appointed member of Creative Communities Local Funding Scheme, Te Wharewaka o Pōneke, and Wellington Region Climate Change Working Group; and councillor liaison to the Environmental Reference Group and Youth Council,

Tamatha is also an alternate councillor liaison for the Accessibility Advisory Group.

***Councillor Sean Rush***  
***Matairangi/Eastern Ward***

**Contact:** [sean.rush@wcc.govt.nz](mailto:sean.rush@wcc.govt.nz)

Sean was first elected to Council in 2019 and is one of three Motukairangi/Eastern Ward Councillors.

He is the Chair of the Pūroro Waihanga/Infrastructure Committee was appointed by Council to the Pūroro Tahua/Finance and Performance Committee, Pūroro Āmua/Planning and Environment Committee, Pūroro Rangaranga/Social, Cultural and Economic Committee, Pūroro Maherehere/Annual Plan/Long-Term Plan Committee, Ngutu Taki/CEO Performance Review Committee and Audit and Risk Subcommittee.

He is also a Council-appointed member for Basin Reserve Trust, Wellington Regional Stadium Trust, Wastewater Treatment Plant and Landfill Joint Committee, and Local Government New Zealand Zone 4. He is also an alternate member of the Wellington Water Committee.

***Councillor Malcolm Sparrow***  
***Takapū/Northern Ward***

**Contact:** [malcolm.sparrow@wcc.govt.nz](mailto:malcolm.sparrow@wcc.govt.nz)

Malcolm resigned from Council in October 2021. He was first elected in 2013 and was one of was one of three Takapū/Northern Ward from 2019-21.

In his experience, he was the former chair of the Pūroro Hātepe/Regulatory Processes Committee and was appointed by Council to the Pūroro Tahua/Finance and Performance Committee, Pūroro Waihanga/Infrastructure Committee, Pūroro Āmua/Planning and Environment Committee, Pūroro Maherehere/Annual Plan/Long-Term Plan Committee.

He was one of Council's board members on the Joe Aspell Trust and an alternate member on the Wastewater Treatment Plant and Landfill Joint Committee.

***Councillor Simon Woolf***  
***Wharangi/Onslow-Western Ward***

**Contact:** [simon.woolf@wcc.govt.nz](mailto:simon.woolf@wcc.govt.nz)

Simon was first elected to Council in 2013 and is one of three Western Ward Councillors.

He is the Chair of the Regulatory Process Committee was appointed by Council to the Pūroro Tahua/Finance and Performance Committee, Pūroro Āmua/Planning and Environment Committee, Pūroro Waihanga/Infrastructure Committee, Pūroro Rangaranga/Social, Cultural and Economic Committee, and the Pūroro Maherehere/Annual Plan/Long-Term Plan Committee.

He is also Council-appointed member of the Wellington Regional Stadium Trust.

***Councillor Nicola Young***  
***Pukehīnau/Lambton Ward***

**Contact:** [nicola.young@wcc.govt.nz](mailto:nicola.young@wcc.govt.nz)

Nicola was first elected to Council in 2013 and is one of three Pukehīnau/Lambton Ward Councillors.

Nicola is the Deputy Chair of Pūroro Rangaranga/Social, Cultural and Economic Committee and was appointed by Council the Pūroro Tahua/Finance and Performance Committee,

Pūroro Āmua/Planning and Environment Committee, Pūroro Waihanga/Infrastructure Committee, Pūroro Maherehere/Annual Plan/Long-Term Plan Committee and Grants Subcommittee.

She is also a Council-appointed member of Joe Aspell Trust, Creative Communities Local Funding Scheme and Art Collection Group.

She is an alternate member for Wellington Regional Amenities Fund Joint Committee.

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## Our Executive Leadership Team

The Chief Executive manages Wellington City Council under approved annual and long-term plans, legislation, policies and guidelines. The Chief Executive is responsible for the efficient and effective implementation of the Council's decisions within agreed parameters. The Chief Executive employs the Council's 1,967 staff to help with these responsibilities.

The Chief Executive ensures the Council has effective systems to monitor financial and service level performance and recommend changes where appropriate. The Chief Executive's performance is regularly monitored by the Council's Performance Review Committee.

### **Barbara McKerrow** **Tumu Whakarae/Chief Executive Officer**

Barbara commenced her role as Chief Executive in March 2020, following three years as Chief Operating Officer for Wellington City Council. Prior to that she served nine years as the Chief Executive of New Plymouth District Council.

Barbara has approximately 30 years' experience as a senior and executive leader in local government. She has also served in several senior governance roles including a three-year term as the national President of the Society of Local Government Managers (SOLGM), where she is now recognised as a life member.

Her aim is to ensure the Council continues to develop as a high performing organisation and employer of choice, driving visible progress on the strategic priorities of the Council and delivering excellent service to the communities of Wellington.

### **Stephen McArthur** **Chief Strategy & Governance Officer**

Stephen was appointed to this role in July 2019, after holding the position of Manager Community Networks for 15 months with the Council. Stephen has more than 30 years of experience in senior leadership and management roles in the public, private and not-for-profit sectors, including extensive local authority experience.

His current role has responsibility for risk, strategy, policy and reporting, research, communications and engagement, assurance, governance, economic wellbeing and Council-controlled organisations. This includes responsibility for the Council's Annual and Long-term Plans.

### **Meredith Blackler** **Chief People & Culture Officer**

Meredith was appointed to her role in July 2019. Meredith has more than 17 years of experience in human resource management in both local government and the education sector.

In her role, she is responsible for human resources, payroll, safety, security and staff wellbeing, organisational culture, staff engagement and building capability including leadership development.

### **James Roberts** **Chief Digital Officer**

James joined the Council in December 2017 as the Smart Council Transformation Lead and was appointed to the Chief Digital Officer role in March 2020. James has more than 30 years

of experience introducing and leveraging technology across several industries, including banking, telecommunications, education and distribution.

In his role, he is responsible for customer experience across customer channels, IT services for staff, IT innovation to support city strategies and policies, developing an information and data-driven organisation and an internal change programme "Working Better Together".

***Kym Fell***

***Chief Customer and Community Officer***

Kym was appointed as Chief Customer and Community Officer in November 2021. He joined Council from his role as the Chief Executive Officer of the Whanganui District Council which he held from 2016 and, prior to that was the Director Corporate of Regional Facilities Auckland, a council-controlled organisation.

In his role he is responsible for creative capital, city housing, city parking, parks sports and recreation, community services, libraries and community spaces.

***Sara Hay***

***Chief Financial Officer***

Sara was appointed as Chief Financial Officer (CFO) in July 2020. She was previously in senior leadership roles at Auckland Council and, prior to that, at the Ministry of Business, Innovation and Employment and Accident Compensation Corporation.

In her role, she is responsible for financial strategy and planning, financial accounting, transactional services, funding and treasury, commercial partnerships and procurement. A strategic focus area for the CFO is identifying new financing and funding arrangements to meet the city's infrastructure investment requirements.

***Liam Hodgetts***

***Chief Planning Officer***

Liam joined the Council on 5 October 2020 from New Plymouth District Council, where he was the Group Manager Strategy, overseeing district planning, consenting, strategic projects, governance, policy, iwi relationships and community partnerships. He has more than 16 years' experience as a senior executive in local government.

In his role, he is responsible for city planning and environment (including the Spatial Plan and District Plan), city design and place planning, housing development, climate change response and city consenting and compliance.

***Siobhan Procter***

***Chief Infrastructure Officer***

Siobhan was appointed Chief Infrastructure Officer in October 2021. She joined Council in 2018 as the Transport and Infrastructure Manager and has also undertaken secondment roles as Asset Management Transformation Manager and Three-Year Programme Director at Let's Get Wellington Moving.

Siobhan has a background in large scale infrastructure having spent over 20 years working in the electricity sector in consultancy roles as well as 13 years at Transpower.

In her role she is responsible for city transport and infrastructure, property, waste management, resilience, the Te Ngākau programme of works, the project management office and the asset planning function for infrastructure assets. She also manages the relationship with Wellington Water who manage the Council's water assets on its behalf.



***Karepa Wall,  
Tātai Heke Māori/Chief Māori Officer***

Karepa Wall, of Manukorihi, Taranaki, Ngāti Ruanui, Ngāti Tūwharetoa and Te Ati Awa descent, joined Council in September 2020 from the Ministry of Education for this inaugural position on the Executive Leadership Team. His position was created to reflect the wider focus on prioritising relationships, partnerships and engagements for Māori success.

In his role, he is responsible for championing te ao Māori throughout the organisation to strengthen our relationships, presence and intelligence so that Māori are engaged in Wellington's future. This is achieved through leading the Māori Partnerships team, the Māori

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## Our strategic direction

The Local Government Act recognises that key focus for local authorities is promoting the social, economic, environmental, and cultural well-being of their communities in a sustainable way. In developing the 2021 Long-term plan, the Council placed community wellbeing as the foundation for the vision, community outcomes and strategic priorities. Together the vision, community outcomes and priorities outcomes are the core of our strategic direction guiding the Council’s role in the development of the city and delivery of services to the community. Figure xx below provides an overview of the strategic direction in the 2021-31 Long-term plan.

**Figure xx; Summary of Our Strategic Direction**

<b>Vision</b>	<b>“Wellington 2040 - an inclusive, sustainable and creative capital for people to live work and play”</b>			
<b>Community Outcomes</b>	<b><u>Environmental:</u></b> A sustainable, climate friendly eco capital	<b><u>Social:</u></b> A people friendly, compact, safe and accessible capital city	<b><u>Cultural:</u></b> An innovative, inclusive and creative city	<b><u>Economic:</u></b> A dynamic and sustainable economy
<b>What these outcomes mean - Wellington has / is...</b>	A natural environment that is being preserved, where natural resources are used sustainably, and the city is adapting to climate change	An inclusive, liveable, and resilient city where people and communities can learn, are connected, well housed, safe and healthy	Vibrant and creative city with the energy and opportunity to connect, collaborate, explore identities, and openly express, preserve and enjoy arts, culture and heritage	Attracting and developing creative talent to enterprises across the city, creating jobs through innovation and growth while working towards and environmentally sustainable future
<b>Strategic Investment Priorities - Wellington has...</b>	<ul style="list-style-type: none"> <li>• A functioning, resilient and reliable three waters infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Affordable resilient and safe housing</li> <li>• An accelerating zero-carbon and waste free transition</li> <li>• Strong partnerships with mana whenua</li> </ul>	<ul style="list-style-type: none"> <li>• Fit for purpose community, creative and cultural spaces</li> </ul>	<ul style="list-style-type: none"> <li>• A core transport infrastructure is a safe, resilient and reliable network</li> </ul>
<b>Council / CCO services to the community</b>	<ul style="list-style-type: none"> <li>• Gardens, beaches, green open spaces waste operations</li> <li>• fund the City’s three waters network</li> <li>• Energy conservation, climate adaptation change response</li> <li>• Environment conservation attractions e.g. Zoo, Zealandia</li> </ul>	<ul style="list-style-type: none"> <li>• Gardens, beaches, green open spaces libraries, pools and recreation facilities and programmes,</li> <li>• Community centres and halls community services</li> <li>• Provide public toilets/facilities public health and safety</li> <li>• housing and community support</li> <li>• Urban planning and design</li> </ul>	<ul style="list-style-type: none"> <li>• Support to cultural organisations</li> <li>• City archives, galleries, museums</li> <li>• On-going support for cultural support creative spaces, community arts &amp; partnerships</li> <li>• Mataaho Aronui, Iwi Partnerships &amp; Tūpiki Ora Māori Strategy Archives &amp; heritage</li> <li>• Grants to fund community initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Spatial district planning</li> <li>• Transport infrastructure, roading, parking</li> <li>• City development &amp; insights</li> <li>• Mataaho Aronui, Iwi Partnerships</li> <li>• Council-controlled organisations, WellingtonNZ</li> <li>• Business development</li> <li>• Licences and consenting</li> </ul>
<b>Our organisations values</b>	<ul style="list-style-type: none"> <li>• He tangata, he tangata, he tangata: We put people at the heart of what we do</li> <li>• Whakapai ake: We’re always improving</li> <li>• Mahi ngātahi: We collaborate</li> <li>• Mana tiaki: We care for our places</li> </ul>			

Our strategic direction is reviewed every three years. The last review resulted in the 2021-31 Long-term Plan which was adopted on 30 June 2021 which is available at [wellington.govt.nz/long-term-plan-2021](http://wellington.govt.nz/long-term-plan-2021)

## Tracking outcome progress and service performance

### Outcomes

We actively monitor our progress towards the community outcomes. In this report, we include the outcome indicator trends that provide us with information on the city’s wellbeing. This information helps us understand how the city is changing and informs future investment in developing the city and the Council’s services to the community. The outcome indicator trends that we monitor and report include:

Community Outcomes	Environmental: A sustainable, climate friendly eco capital	Social: A people friendly, compact, safe and accessible capital city	Cultural: An innovative, inclusive and creative city	Economic: A dynamic and sustainable economy
Outcome trends that we monitor include...	<ul style="list-style-type: none"> <li>• Energy consumption, emissions emission</li> <li>• Eco-system health</li> <li>• Waste management &amp; reduction</li> <li>• Sustainable living</li> <li>• Climate change impacts, adaptation</li> <li>• Three Waters quality, supply, customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Quality of life</li> <li>• Community sense of purpose and place</li> <li>• Community connection &amp; participation</li> <li>• Community Safety</li> <li>• Community engagement</li> <li>• Satisfaction with partnerships</li> </ul>	<ul style="list-style-type: none"> <li>• Capital of culture:</li> <li>• City vibrancy</li> <li>• Cultural diversity</li> <li>• Artistic talent and expression</li> <li>• City heritage</li> <li>• Cultural infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Growth</li> <li>• Labour force participation</li> <li>• Household income</li> <li>• Public transport utilisation, reliability</li> <li>• City Economic activity</li> <li>• Changes in business activity by sector</li> <li>• Consenting activity,</li> <li>• Housing affordability</li> </ul>

### Service performance

To view our performance as a whole, we track satisfaction and perception, cost to deliver, quality, timeliness and utilisation of the services that we deliver using a suite of Key Performance Indicators (KPI’s) some of which are required by statute. In general we report service performance against the target set in the Long-term Plan. Section 4 – Our performance in detail provides detailed Statements of Service Provision in our seven strategic activity areas that cover the projects, programmes and services to the community.

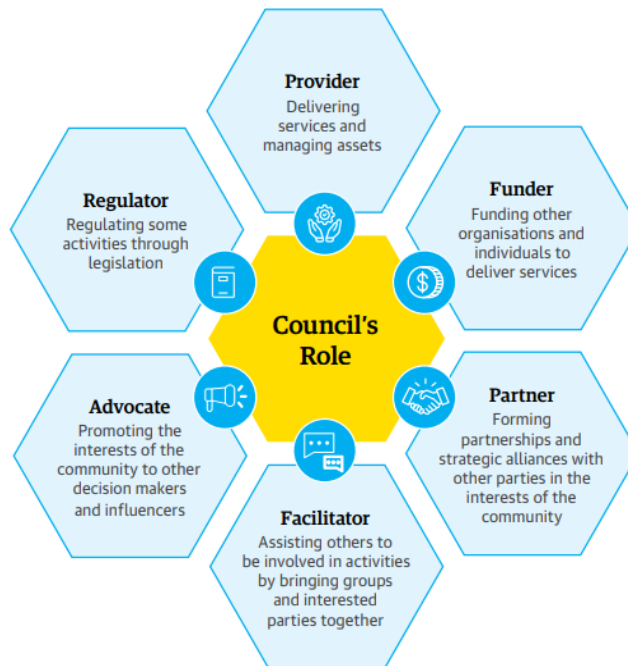
### Our role

The Local Government Act 2002 sets our statutory role as being to:

- tenable democratic local decision-making and action by, and on behalf of, the people of Wellington; and
- promote the social, economic, environmental, and cultural wellbeing of the people of Wellington, in the present and for the future.

While the Council is involved in many aspects of the ongoing running of the City, it cannot do this alone. The development of City’s Environmental, Social, Economic, and Cultural wellbeing is a partnership involving the whole Wellington Community - including Central Government. Figure XX below outlines some of the more significant roles for Council in the operation and development of the City. Through our Long-term Plan, we provide funding for the services and development projects that reflects these roles.

Figure xx: Council roles in the City



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## Section 3: Summary of our year

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*[Te reo heading]*

### ***In this section***

This section includes our response to the climate change emergency, summaries of our performance, including some challenges and highlights of the 2021/22 performance year, an overview of our core business.

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## Our response to climate change

The Council has declared a climate and ecological emergency. We are taking action now to adapt to the changing climate. Driving our response is Te Atakura First to Zero Strategy which aims to reduce 2020 greenhouse gas emissions by 57 percent by 2030, and to reach net-zero by 2050. The built environment currently contributes to about 20% of New Zealand's greenhouse gas emissions annually and transport about xx%. Te Atakura includes both climate mitigation and adaptation. Key programmes underway focusing on a low carbon city infrastructure, reshaping the city and community action are:

- Reducing carbon emissions - particularly from the Council operations. Action underway includes:
  - The Green Network Plan - protecting and enhancing the domain of Tane in the central city; improving conservation of the green city environment, the management of water and quality of our parks more planting
  - Expanding the Council's EV fleet; and
  - Improve energy use in Council buildings and venues.
- Decarbonising and reshaping the city. Action underway includes:
  - The Paneke Poneke - bike network plan a \$226 million investment to enable safe and easier movement around the City by walking, biking, skating and scooting along with public transport bus priority lanes
  - The development of the City's Spatial and District Plans enables the development of the City around key transport corridors.
  - Let's Get Wellington Moving (LGWM) which will provide more travel choices for people to move around the city using fewer vehicles. More transport choices will reshape where people live by allowing intensification, improving connections to and through the city and help reduce carbon emissions through increased use of low-emission transport. Construction is underway on the early element of LGWM following investigation, planning and engagement work.
- Supporting business, community groups and residents to act. Action underway includes:
  - seed funding of community initiatives to improve resource efficiency particularly waste reduction; and
  - In 2022 a City Activation team was formed to support businesses and communities in their actions to reduce emissions and a city emissions reduction plan will be created in the next year to guide this collective work.
- We also take part in advocating to central government for supportive policies that will help shape a zero-carbon Wellington and Aotearoa - including increased urban density and a transformed low-carbon transport system.

The COVID-19 pandemic has had both positive and negative impacts on our climate change initiatives. For example, our work to increase flexible and hybrid working arrangements as a lever for decreasing work-related travel emissions was no longer needed as this transition was made organically as people adjusted to lockdowns. However our work on convening community, business and other organisations needed to be reimaged in a pandemic environment and is being relaunched in the coming year. In addition, supply chain issues meant that the start of our EV charger roll out for the city has been delayed by several months, with the first 11 chargers going in at the end of 2022.

The decade leading up to 2030 is recognised as a crucial timeframe in order to have a chance of staying below 1.5°C of global warming. Last year we realigned our city's emission reduction target to meet the requirements for a science-based target aligned to limiting warming to 1.5°C. In line with this target, Wellington City needs to reduce its emissions by 57 percent between 2020 and 2030, and then continue to reduce to net zero carbon by 2050. In 2022 a City Activation team was formed to support businesses and communities in their actions to reduce emissions and a city emissions reduction plan will be created in the next year to guide this collective work.

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## Our performance

### Introduction

During the year, we continued to deliver our services under a challenging operating environment, resulting in just over half of our performance measures tracking to target, with timeliness and satisfaction the greatest performance challenges. Our underlying budget result was close to balanced for the year.

### Challenges

To perform effectively and efficiently as a Council, we need to understand Wellington. not just our infrastructure, services and facilities, but also the changes the city and communities experience and how these and the associated challenges will shape the future.

The two challenges outlined below had significant impacts on the Council's performance during the 2021-22 year – the ongoing COVID-19 pandemic and the Three Waters Network.

#### **COVID-19 Pandemic**

In New Zealand, swift action meant that we were largely protected from many of the negative effects of the pandemic seen in other countries. We have dealt with Delta (the dominant COVID-19 variant earlier in the pandemic) and are continuing to respond to the Omicron variant that emerged later in the year.

During the year the Government changed COVID-19 Alert Levels in response to the changing pandemic public health needs. However these changes meant ongoing uncertainty on the direction and impact of the pandemic and nationwide response on the city socially, culturally and economically. Like other organisations across the country, the Council has focused on being agile as possible in its own management, how it supports the community through the pandemic and the delivery of its services.

#### **Continuing impact**

During this year, community cases continued to increase with the new variants of COVID-19, GDP has however bounced back, and unemployment is low. A significant pandemic impact on the City has been from supply chain constraints and, in organisation that are more reliant on international visitors or workers.

A snapshot of the COVID-19 impact on the city this year shows:

- \$26.6m revenue lost
- \$4.26m increase in grants funding
- World of Wearable Art financial support
- 39 cancelled or postponed events
- Reduced utilisation to our facilities and therefore lost revenue
- Working from home around 20% impacting hospitality and retailers
- ongoing work occurred with community organisations to house and support the city's homeless
- financial support was provided for the Wellington Regional Stadium Trust, Cable Car Ltd and Experience Wellington
- delivered the Pandemic Response Plan to support hospitality, retail and other business sectors facing financial hardship because of COVID-19. This includes rent relief for commercial businesses; free outdoor dining permits; refunding all pavement licence fees

- new events were held to support the events, hospitality and tourism industries and the vibrancy of the city.

More information on how COVID-19 affected different areas of Council is detailed in Section 4: Our performance in detail, from pg X. The impact on our financial performance is in Volume 2 of the Annual Report, pg X.

### **Three Waters network**

No city can function effectively without a reliable and fully functioning three waters network, which is made up of drinking water, stormwater and wastewater. Our water infrastructure and services are managed by Wellington Water Limited, a Council-controlled organisation co-owned by councils in the Greater Wellington region. Wellington Water Ltd has its own board of directors.

In 2019/20, the city's aging water network had some significant network failures. The burst water and wastewater pipes created disruption for communities and businesses, and raised questions from the public, the media and Councillors about the condition of our network and how it is being managed.

Through the 2021–31 LTP we significantly increased the level of investment in our three waters network to begin to address the issues within our network. This mainly focused on looking after existing infrastructure (for example operations, maintenance, and renewals) and completing targeted growth investments.

In the 2021/22 year, Wellington Water has delivered \$61.9m of capital expenditure programmes to strengthen our three waters infrastructure. It's the biggest ever single year capital programme. While investment has increased and work is progressing to improve the condition of the network, it will take some time to complete. During the 2021/22 year, rising costs of materials and labour, interruption in the supply chain, and general capacity and capability limitations in the sector has revealed a challenging, operating environment.

[to be updated post-audit *The failures in the three waters network have adversely impacted the performance in our Environment and Infrastructure activity area, with XX water measures receiving a qualified Audit Opinion from our external auditors. The issues that resulted a qualified audit opinion are being addressed by Wellington Water through an ongoing change programme which will feed into the Government's three Waters reform programme. The measures that were qualified by the Auditors are detailed in Chapter 2 of Section 4: Our performance in detail. The results and variance explanations for the qualified measures are on pg X, X and X.*]

## **External awards and nominations**

The City received a number of significant awards and nominations in 2021/22. These awards and nominations acknowledge innovative work in key areas and further demonstrated our leadership in local government.

- Council's One Tag initiative was winner at the 2021 Association of Local Government Information Management for Customer Experience Project of the Year
- Winner at the Keep New Zealand Beautiful Awards 2021 for Most Beautiful Large City
- The Council's *Annual Report 2021/22* received its first Gold Award at the Australasian Reporting Awards (ARA). This is the seventh year the Council has participated in the awards, with four Silver and one Bronze.

- Named one of the 15 winning cities of Bloomberg Global Mayors Challenge for innovation with US\$1m prize money

## Overview of our performance

Most of the work we do, our budgets and the services we provide are in seven activity areas that represent how we work.





In the 'Our performance in detail' section of this report we outline each activity area, including an overview of the highlights, challenges, performance information and what the activities cost. This 2021/22 Annual Report is a report against year one of the 2021-2031 Long-term Plan.

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### Community outcomes

We track 39 community outcome indicators to measure how the Council and city is tracking on meeting our City vision and wellbeing goals. We look for meaningful changes over time. As this is the first year, we are monitoring our community outcome indicators for community wellbeing, we expect that some indicators may have insufficient data to establish a clear trend. A full listing of outcome indicator results can be found in Appendix yy pages xx-xx.

	 <b>Environmental Wellbeing</b>	 <b>Social Wellbeing</b>	 <b>Cultural Wellbeing</b>	 <b>Economic Wellbeing</b>
<b>Summary of outcome performance</b>	Our environmental community outcomes were somewhat successful with three out of seven indicators showing trends in the desired direction. Two indicators are showing a negative trend and two were neutral.	While there have been some unfavourable trends emerging under the social wellbeing area, of the eight outcomes monitored, five outcome trends are neutral or steady including the overall quality of life perception measured average of 89%.	The long tail of COVID-19 has an ongoing impact on our cultural wellbeing, driven by uncertainty around how and when our community engage with events. None of our indicators in this area showed progress in desired direction.	This is the largest wellbeing area with sixteen outcomes being monitored. Although there are some positive trends, most indicators in this area showed a level of uncertainty. We monitor the trends closely as the city goes through this period of transition: works to recover from the impacts of COVID-19, adapts to changes in behaviour of CBD workers and their travel patterns, borders reopen, and our communities adjust.
<b>Some city emerging trends</b>	<ul style="list-style-type: none"> <li>↗ steady increase in capacity of solar as a renewable energy source</li> <li>↘ perception of air pollution “is a problem”</li> <li>↗ improvement in waste to landfill per person</li> <li>↘ perception of water pollution “is a problem”</li> <li>↗ increase in access to green space</li> </ul>	<ul style="list-style-type: none"> <li>↘ housing becoming more unaffordable</li> <li>↘ lower confidence in Council’s decision making</li> <li>↘ dropping sense of community (pre covid)</li> </ul>	<ul style="list-style-type: none"> <li>↘ slow decline in perception of our rich and diverse arts scene</li> <li>↘ slump in resident’s sense of pride in the area</li> <li>↘ drop in perception of contribution of heritage items to city or community’s unique character</li> </ul>	<ul style="list-style-type: none"> <li>↘ drop in the city’s economic diversity</li> <li>↗ long term growth in GDP per capita</li> <li>↗ increase in household incomes</li> <li>↗ uplift in number of houses constructed</li> <li>↘ less feel it’s easy to access the city</li> <li>↘ drop in perception of public transport affordability (prior to 50% fare reduction)</li> <li>↘ and drop in perception of public transport reliability</li> <li>↘ and resulting in less use of public transport to travel to work</li> <li>↗ improvement in number of road crashes</li> </ul>

### ***Performance measures (KPIs)***

This year is the first year of performance reporting against the 2021-31 Long-term Plan (LTP). In developing the LTP we updated our performance measures and reduced the number of KPIs from 217 to 95. The objective was to improve the monitoring and reporting of performance by reducing complexity and increasing transparency.

Fewer and updated measures has meant increased visibility of performance - particularly those measures required by statute, including those related to our aging three Waters network (managed by Wellington Water) where there has been consistent underperformance in the past three years. Details on the three waters performance measures are in Chapter 2 of Section 4: Our performance in detail.

In reporting performance, we indicate whether the measure was in one of the following result categories:

- **not met** (>10% below target) or
- **within 10%** (on or within 10% +/- of target), or
- **exceeded** (>10% over target); or
- not reported (for example where performance result was not available at the time of publication).

The following graphs indicate the number of KPIs in each of the above result categories. Graph xx Total KPIs - includes our Council-controlled organisations (CCOs). Graph yy is CCO KPI performance only.

[Graphs to be added post-audit]

The Council provides about 400 services to the City. To view our performance as a whole, we group our KPIs in five areas of focus: customer satisfaction and perceptions; cost to deliver; quality; timeliness; and utilisation. These groupings help us assess how efficient and effective Council is at delivering its services as part of our ongoing monitoring and reporting activity.

In summary our KPI results overall shows that the Council:

- while continuing to adjust and work with the ongoing challenges from the COVID-19 pandemic, the Council is struggling to meet its customer expectations with 11 out of 20 not achieving desired results— see Resident’s monitoring survey measures across our seven activity areas.
- the Council has maintained most of its core service facilities under difficult and pandemic disrupted operating environment with 23 out of 34 of our quality measures within 10 percent of targets.
- services that are more susceptible to external impacts particularly the pandemic have had less favourable performance - for example 14 out of 23 KPIs relating to timeliness did not met their target; and
- Water related services continue to underperform with 13 out of 25 KPIs not achieving target. These relate to water loss and water consumption, flooding events and overflows, compliance and monitoring and response times for resolution of faults.

[Sidebar callouts in the final document]

The following table provides a summary of KPI results by Strategic Activity area [will be populated post-audit]

More information on our 2021/22 performance measure results for each activity area see Section 4: Our performance in detail on pages X to X. That section includes commentary for not met and exceeded variance results.

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## Overview of our finances

The 2021-31 Long-term Plan and budget, which set the direction for the next ten years, was developed and adopted in a time of high uncertainty. The ongoing impacts of the COVID-19 pandemic were unknown and there was a focus on city recovery. We have also had to deal with ongoing supply chain blockages and rising cost of inflation.

Despite this uncertainty our financial position remains healthy, and we achieved a \$87.4m surplus. It should be noted however, that the majority of this surplus is \$82.5m of vested asset revenue. Due to accounting standard requirements, this non-cash revenue is recognised due to Council taking over the ownership of assets. \$72.4m of this relates to the wastewater lateral connections, previously owned by property owners.

<b>\$26.6m</b> Revenue lost due to COVID-19 impacts	<b>\$10.3m</b> Organisational savings target achieved
<b>82%</b> Capital programme completed	<b>AA+</b> Credit rating issued

## Summary of our operating budget

### Financial strategy

This is the first year of our 2021-31 Long-term Plan, which set out our financial strategy for the period. The purpose of the strategy is to enable prudent and sustainable financial management:

Key aim	Achieved	Comments
Balanced budget	Yes	See Balanced Budget section below.
Prudent financial management	Yes	See Balanced Budget section below.
Affordable rates (as described and set out in the 20121-31 Long-term Plan <sup>8</sup> )	Yes	During the past three years total rates revenue and rates increases have been below our limits as reported in the Financial Prudence section in Volume 2, <a href="#">pg X</a> .
Net debt within borrowing limits	Yes	During the past three years net debt has been below our borrowing limits as reported in the Financial Prudence section in Volume 2, <a href="#">pg X</a> .
Fund depreciation where borrowings are incurred to build or replace assets	Yes	In 2021/22 we continued to fund depreciation on assets that we are responsible for renewing when they reach the end of their useful life.
Funding of new infrastructure assets to support city development	Yes	This is measured by the level of capital expenditure on network services as a proportion of depreciation on network services. This is as reported in the Financial Prudence section for “Essential services” benchmark in Volume 2 <a href="#">pg X</a> . Over the past three years we have invested \$174.5m in our three waters network and \$156.8m in our transport network.

<sup>8</sup> Financial and Infrastructure Strategy, 2021 Long-term Plan, Volume 2, pg 18

Key aim	Achieved	Comments
Sufficient insurance cover for natural disaster risks	Yes	See information on insurance within the Financial Statements in Volume 2, <a href="#">pg X</a> .
Maintain financial capacity to fund priority programmes and natural disaster recover	Yes	We have maintained capacity within our debt-to-income ratio. At the end of 2021/22 this was 151% compared to a budgeted ratio of 169% and a limit of 225%. This equates to approximately \$459m of borrowing capacity in 2022. This borrowing capacity is the result of careful financial planning and an underspend of capital projects as explained in the Summary of capital expenditure section, <a href="#">pg X</a> . This underspend of capital expenditure increased funding capacity by 10% against the expected capacity limit.

Our financial strategy is set every three years to address the challenges we are facing and how we plan to address them. However, these are constantly evolving, with one of the biggest challenges in the past two years managing the significant financial impact that COVID-19 continues to have on both the Council and the city.

#### **Balanced budget**

The Council operates a balanced budget. This means rates and other revenue fund only what is required to pay for the services delivered each year. A balanced budget also helps ensure that we are not passing the costs of running the city today onto future generations and guards against imposing costs on Wellingtonians now for projects that may not deliver any benefits to them in the foreseeable future. This means each generation pays its fair share.

Therefore, our goal is to achieve an end-of-year result where rates and other revenue equals operating expenditure. This is called the underlying result (surplus or deficit) and is best measured as a percentage of total operating expenditure.

<b>(0.3)%</b> Underlying result variance for 2021/22	<b>\$622.4.m</b> Cost of running the city
<b>\$7.85</b> Operational cost of Council services per resident per day	<b>\$54.1m</b> More operational spend than previous year

Operating expenditure has increased by \$54.1m or 9.5 percent year on year. This partially relates to an increase in depreciation expense following the revaluation of our operational land and buildings last year. The Council also increased the budget for our Three Waters network and LGWM. Compared to the 2022 Budget, expenditure is \$15.4m over budget.

#### **Underlying position**

The underlying operating result provides a comparison with the 2021/22 Annual Plan budgeted rates requirement we said was needed to achieve a balanced budget against actual operating performance.

To get from the reported net surplus/(deficit) to the underlying result, the following are excluded:

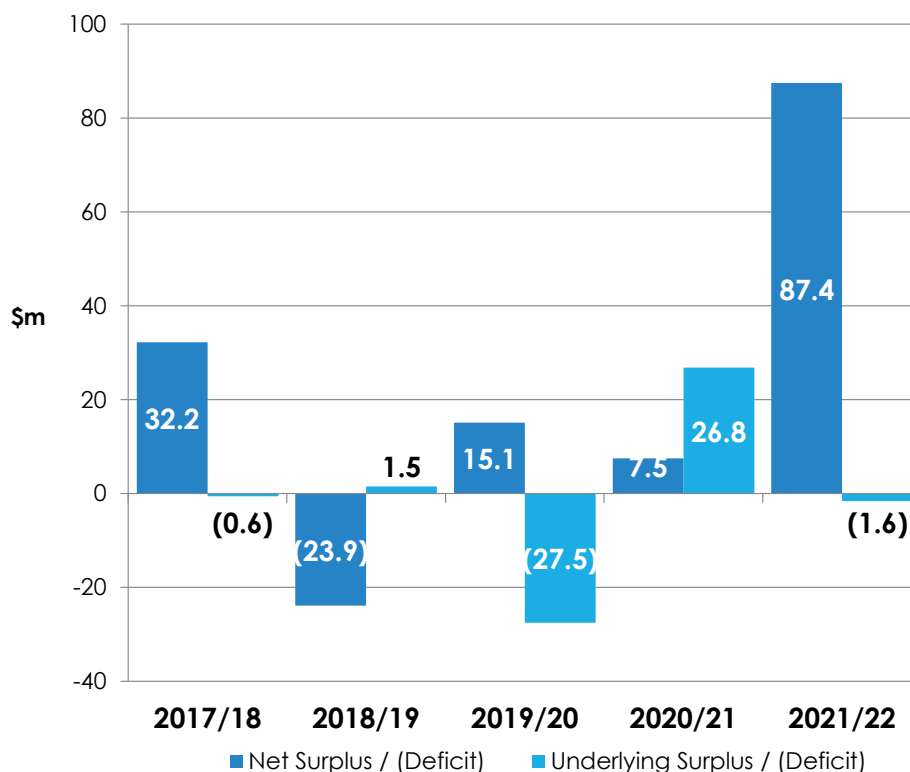


- revenue received for capital items (for example, funding received from NZTA for roading projects)
- non-funded or debt-funded transactions, where, through the Annual Plan, it was deemed appropriate that the costs were shared across future ratepayers, or where another organisation is liable for the funding
- separately funded items where funding was through other mechanisms
- ring-fenced activities for housing and waste minimisation.

The underlying result for 2021/22 is a deficit of \$1.6m or (0.3) percent of total operating expenditure. This means that we collected \$1.6m less rates revenue than required to fund our operating expenditure. This deficit is funded through prior years surpluses.

As part of the 2020/21 Annual Plan and 2021-31 Long-term Plan several items related to the impact COVID-19 were funded through debt, such as the loss of our airport dividend revenue. The rates repayments for this debt are spread over 10 to 15 years to minimise the impact on rates in the short term. In line with the principles of robust and prudent financial management and intergenerational equity in our Financial Strategy, any surpluses will be spread over a similar timeframe and used to offset the rates requirement in future Annual Plans.

### Underlying operating result



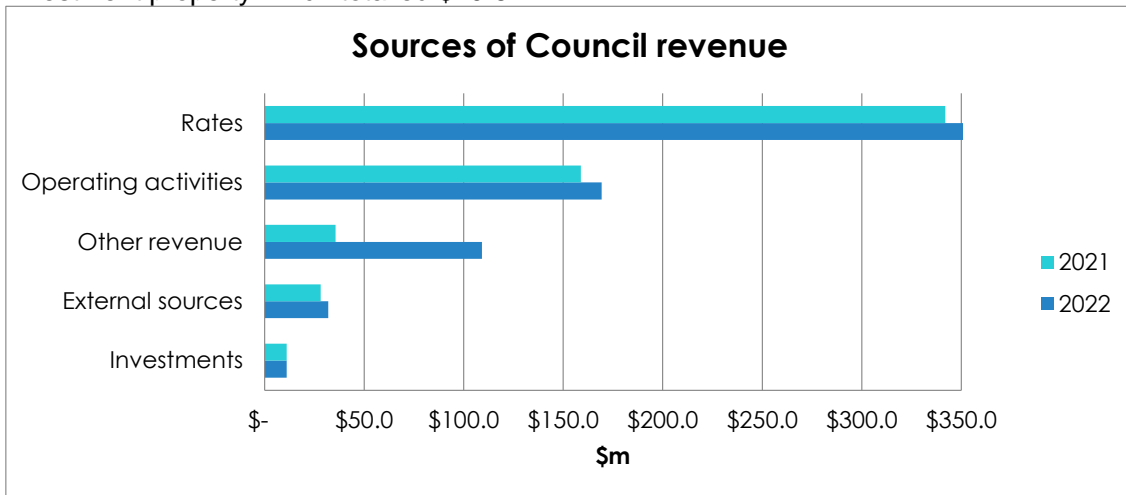
### Underlying result as a percentage of total expenditure

Financial year	2017/18	2018/19	2019/20	2020/21	2021/22
Percentage	(0.1%)	0.3%	(5.0%)	4.7%	(0.3%)

**Revenue**

Our main source of funding is from rates – 55 percent of the total revenue of \$710m – with the next largest source being revenue from operating activities including user fees at 24 percent. We also received revenue from other external sources, mainly central government, to fund capital expenditure, investment revenue and other revenue.

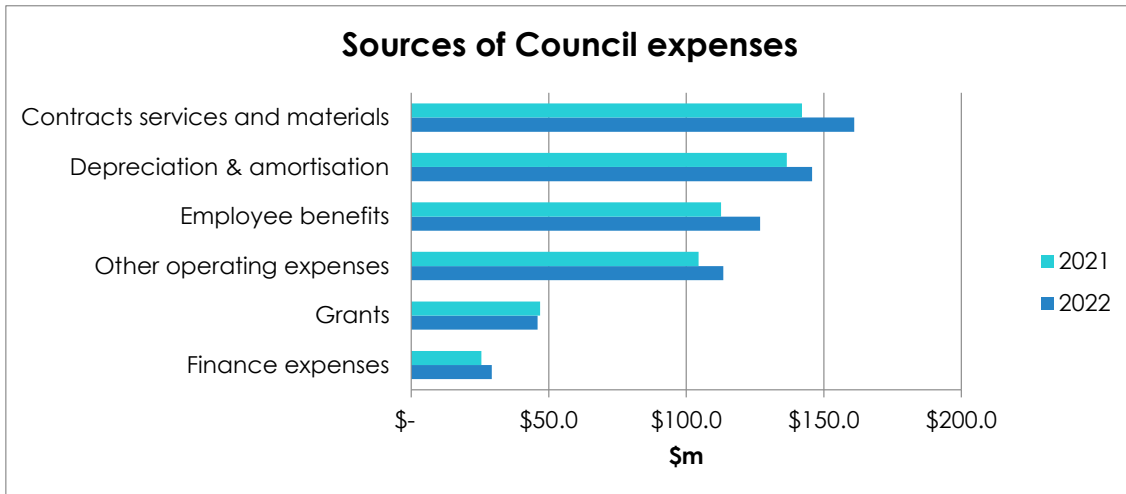
Our revenue for the year was higher than budgeted due to non-cash items such as the recognition of vested asset revenue of \$82.5m and additional fair value gains for investment property which totalled \$20.6m.



Our Other Comprehensive Revenue includes fair value movements for Cash flow hedges and Revaluations of property, plant and equipment. Our revaluations of property, plant and equipment totals \$1.8b for 2021/22. This is due to the revaluation of Infrastructure assets which were scheduled for revaluation on 30 June 2023 and therefore not budgeted for in 2021/22. Significant increases in costs related to infrastructure asset replacement resulting in a significant variance between estimated fair value and the carrying value on the balance sheet triggering an off-cycle revaluation. This is non-cash revenue and excluded from the underlying surplus.

**Expenditure**

The main expenses this year were contracts, services and materials, personnel costs and depreciation. We also have a high level of asset ownership costs such as utilities, insurance and maintenance.



**Your rates at work**

Our rates revenue comes from targeted rates and general rates. Targeted rates are paid by a specific group of ratepayers who receive a specific service. General rates are paid by all ratepayers and applied to services which benefit the whole community. Whether you rent, own a home or a business in Wellington you contribute to Council rates either directly or indirectly.

We collected \$388.2m (GST exclusive) of rates during 2021/22. An error was identified during the year where rates set for metered water volumetric charges were the same as the 2019/20 Annual Plan rather than updated based on the funding required for the 2021/22 Water Activities. This resulted in the Metered Water Revenue being \$3m less than budget due to this error.

We use rates to maintain and operate many of the services and facilities we need every day. The impact and benefits are greater than just the numbers. Some of the services and facilities Wellingtonians received this year through their rates were:

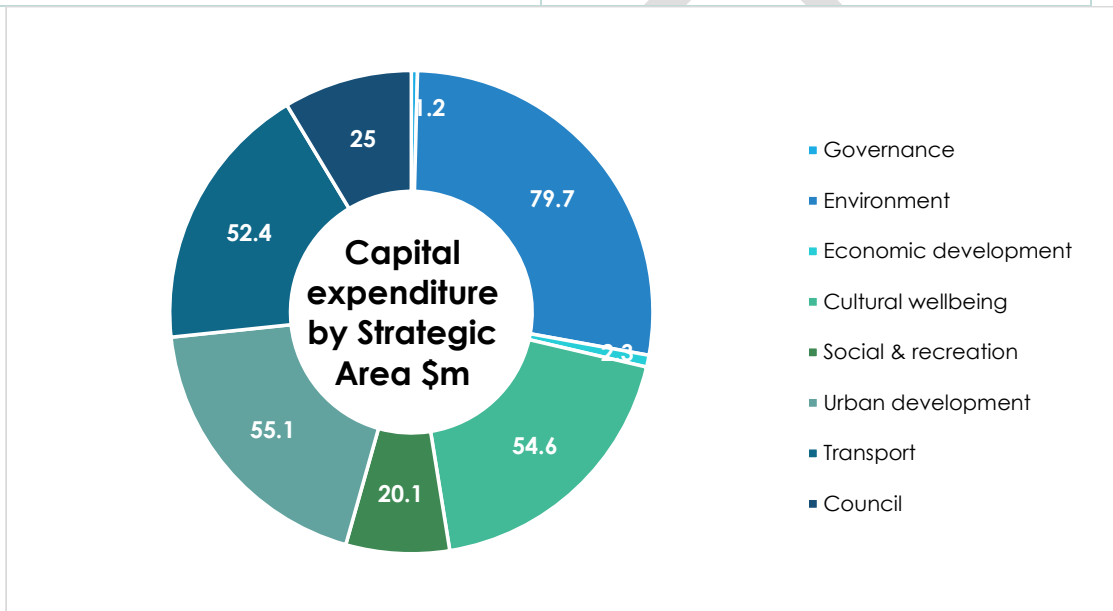
<b>389</b> litres of drinkable water supplied per resident per day <sup>9</sup>	<b>101,999</b> native plants planted with the community	<b>181,216</b> calls answered by our Contact Centre staff
<b>820km</b> of stormwater pipes	<b>767,257</b> items available at our 14 libraries	<b>198 sqm</b> of open space per Wellingtonian
<b>1,080km</b> of wastewater pipes	<b>407km</b> of walking and biking tracks	<b>\$4.9m</b> in funding to community projects and organisations
<b>968.5km</b> of footpaths	<b>760,017</b> resources in City Archives	<b>18,659</b> streetlights operated
<b>108</b> play areas	<b>25</b> free public events	<b>7</b> new public murals

<sup>9</sup> Not all is used in a resident's home. Other users include industry, businesses, schools, hospitals, the fire service and councils.

**Summary of our capital budget**

During the 2021/22 we delivered capital projects totalling \$290.5m, this is the highest capital expenditure Wellington City Council has achieved. This equates to 82 percent of what we budgeted. The reasons for the significant variances are explained in this section.

<b>\$290.5m</b> Capital budget spent this year	<b>\$174m</b> Spent upgrading existing or building new assets
<b>\$181m</b> Increase in net debt over 2020/21	<b>\$1:\$0.4</b> Debt servicing costs to investment returns



**Spending on infrastructure and resilience**

The 2021/22 capital programme included significant investment in the three waters networks totalling \$68.8m or 24 percent of our total capital expenditure. More detail on this can be found on [pg X](#).

There was also significant investment in the transport network, multi-year projects to earthquake strengthen the Town Hall and St James Theatre and build the city’s new Tākina Convention and Exhibition Centre. Spend on these major projects was \$150.6m, which represents 52 percent of our total capital expenditure.

Compared to the budget there was an underspend of \$65.1m where some of this will be carried forward into this financial year. Once approved overspends of \$m are adjusted for, the revised underspend is \$m, of which \$m will be carried forward to future years.

**Borrowing for the year**

For 2021/22 total net borrowings increased by \$180.8m in order to fund the capital expenditure programme for the year. Net borrowing is comprised of gross borrowing minus

cash and term deposits. Net borrowing was \$943.6m at the end of the year. This compares to \$1,049m forecast in our 2021/22 Long-term Plan. At the end of the year, the average borrowing per resident is \$4,348. During the year a green bond facility was negotiated with the LGFA to fund the construction of Tākina Convention and Exhibition Centre. The \$180m facility is linked to the UN's sustainable development goals (SDG's). Council will report the agreed upon environmental outcomes to the LGFA on an annual basis once the building is commissioned.

During the year, \$50m was drawn down against the facility and forms part of this year's borrowings increase. The ratio of debt servicing costs to investment returns is \$1:\$0.4. This means that every \$1 paid in interest costs is offset by 42c of investment income received. This ratio had been \$1:\$1 or higher in previous years, but in 2020/21 and 2021/22 it dropped because Covid-19 impacts resulted in no dividend being received from Wellington International Airport Ltd.

### *Capital programme variance summary*

The following table explains the reasons for main project spending variances in our Capital programme.

PROJECT	\$M	COMMENTS
Transport projects	11.3	There is a timing difference on several projects due to delays from COVID-19 impacts. This has resulted in lower expenditure in some key programmes such as Cycleways, LGWM, and Footpath upgrades.
Organisational Projects	11.2	Delays due to COVID-19 in the Te Ngākau Civic Precinct programme and Commercial Properties renewals.
Housing - renewals, upgrades and housing investment programme	13.9	There have been delays in expenditure with the housing investment programme and housing renewals and upgrades due to the establishment of the Community Housing Provider (CHP).
Sludge Minimisation	6.7	The variance relates to the delay in the land purchase and the associated shift in the airport ground servicing building. These costs have been delayed into the 2022/23 FY.
Wellington Waterfront Development & Renewals	6.7	This underspend primarily relates to the redevelopment of Frank Kitts Parks playground which has been delayed due to the liquidation of the original contractor. Completion is scheduled for 2022/23.
LGWM	5.8	The LGWM programme of work is continuing to be developed and has given rise to a timing delay in when this expenditure will occur. This timing difference will be reprioritised with projects coming up in future years.
Community Halls - upgrades & renewals	3.5	This variance has resulted from the rephasing of the Community Centres upgrades, which will now be done over the next two financial years.
Wastewater - upgrades and renewals	3.3	This is due a timing difference



PROJECT	\$M	COMMENTS
Gardens, beaches and green open spaces	2.7	Under budget due to underspends in the upgrades at Hawkins hill and coastal renewals.
Central City Framework	2.0	Part of the North Lambton Quay project and Laneways project is being reprioritised and aligned with the LGWM Golden Mile work stream.
Wellington Convention & Exhibition Centre (WCEC)	-4.1	This is due to being ahead of schedule with the project. Due for completion in mid-2023.
Other	2.1	Miscellaneous delays in a number of projects.
<b>Total 2021/22 variance</b>	<b>65.1</b>	<b>Underspend</b>

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## Key projects and programmes

In our 2021-2031 Long-term Plan, we outlined the major projects intended to be completed during the year. These are highlighted in the relevant chapters of Section 4: Our performance in detail, from [pg X](#).

### Key programmes

Many of our key projects are city-wide, multi-year programmes. They will contribute to significant change in much of the City's infrastructure for example transport, climate change mitigation and adaptation, mana whenua relationships, planning, and three waters (waste, drinking and storm water). Where to find details on each project in this document is:

- Let's Get Wellington Moving (LGWM): [pg X](#)
- Te Atakura – First to Zero: [pg X](#)
- Three Waters Work programme: [pg X](#)
- Planning for Growth: [pg X](#)
- Council's Housing Action Plan: [pg X](#)
- Mana whenua partnerships: [pg X](#)
- Climate and Sustainability Fund: [pg X](#)
- Poneke Promise: [pg X](#)

### Key Long-term Plan projects

We also have key projects that were outlined in the Long-term Plan. Some of these were one-year projects that were completed during the year or are soon to be completed, others are multi-year projects.

- City Archives – Digitisation: [pg X](#)
- Predator Free Wellington: [pg X](#)
- Southern Landfill extension: [pg X](#)
- Te Matapihi ki te Ao Nui Central Library: [pg X](#)
- Community facilities planning : [pg X](#)
- Te Ngākau Civic Precinct: [pg X](#)
- Tākina Convention and Exhibition Centre: [pg X](#)
- St James Theatre: [pg X](#)
- Huetepara Park: [pg X](#)
- Wellington Museum: [pg X](#)
- Advisory Groups: [pg X](#)
- Sustainable Food: [pg X](#)

## Section 4: Our performance in detail

### *In this section*

This section describes in detail how we performed in each of our seven strategic activity areas and our Council-controlled organisations. Each activity area includes an overview of the activities from the year, and a summary of financials and performance measures.

### How to read this section

#### *What's being reported?*

This section of the report includes:

- a) **Overview of the year:** includes the summary of our financial and non-financial information.
- b) **Activity areas:** what we did and key projects from our work programme for the year. The majority of these items are non-COVID-19 related.
- c) **Financial information:** capital expenditure and operational expenditure for each activity area.
- d) **Performance information:** detailed key performance measures and targets. Performance measures cover quality, timeliness, affordability and utilisation. Of the 95 KPIs this year, 93 have a reported result, which is either not met, met within 10 percent or exceeded against target, and two have no result (NR). The explanations for these are reported in the relevant chapters.

Where applicable we have included details on the impact of the pandemic. The national COVID-19 Alert Levels and Protection Framework measures that impacted the City in 2021/22 were:

- **48 days at Level 1:** no restrictions on movement or gatherings, encouraged to keep records of movement, face coverings on public transport, border still closed. We were in Level 1 on 1 July to 17 August 2021
- **85 days at Level 2:** includes limited restrictions, gatherings of up to 100, nationwide travel allowed, public venues and places, businesses, schools and offices open with strict operating guidelines, face coverings on public transport. We were in Level 2 on 8 September to 2 December 2021
- **6 days at Level 3:** includes limited restrictions, gatherings of up to 10, recommended to stay travel local, specific businesses, schools and offices open with strict operating guidelines, face coverings whenever outside of residence. We were in Level 3 on September to 7 September 2021
- **14 days at Level 4:** required to work and learn from home, no gatherings allowed, no travel allowed except for necessities or to undertake safe recreational activities, all public and education facilities closed, face coverings whenever outside of residence. We were in Level 4 on 17 August to 31 August 2021. All of New Zealand moved to the COVID-19 Protection Framework, also known as the traffic light system, at 11:59pm on 2 December 2021

- **52 days at Orange:** required face coverings in many indoor locations, no capacity limits or distancing requirements, workplaces and schools open. We were at Orange on 2 December to 23 January 2022 and 13 April to 30 June 2022
- **80 days at Red:** includes limited restrictions, indoor gatherings up to 200, required face coverings in most indoor locations, encouraged to keep physically distanced when possible. We were at Red on 23 January to 13 April 2022.

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## 1 Pārongo ā-tāone – Governance

This chapter explains what we did and how we performed in our Pārongo ā-tāone – Governance portfolio of activities.

### Overview of the year

Our services in this section include governance support, strategy and policy work, information collection and archiving, community engagement, and Māori and mana whenua partnerships.

This year we developed and successfully adopted the 2022-23 Annual Plan (year two of the Long-term Plan). Along with the Annual Plan, we have successfully adopted two Long-term Plan Amendments - how we should operate City Housing and the future of the Southern Landfill.

We are currently preparing for the upcoming 2022 Local Body Election, which begins on Friday 16 September 2022. We drafted a pre-election report, which were provided to candidates as background information and to help promote public discussion about the issues facing the local authority.

Supporting business, community groups and residents to act is an important part of our climate change initiatives which include advocacy for supportive central government policies. We are also using our understanding of the climate change to shape policies and programmes focused on a zero-carbon city, increased housing density and a low-carbon transport system.

### Continuing impact of COVID-19

The continuing pandemic has impacted this area of the Council.

In 2021/22 there has been a substantial rise in the number of hybrid online/in-person Council and committee meetings as we adjust to the continuing reality of COVID-19 in the community. We have also put in place procedures that enable both elected members and members of the public greater flexibility to attend meetings and contribute to the decision-making.

Community engagements were able to continue as planned - but with an increased emphasis on online engagement to ensure the appropriate health, safety and hygiene measures for the Orange traffic light setting periods were observed. This included two public engagement webinars (or online seminars) on amendments to the Long-term Plan (covering City Housing and Southern Landfill) along with consultation on the 2022/23 Annual Plan in April - May 2022.

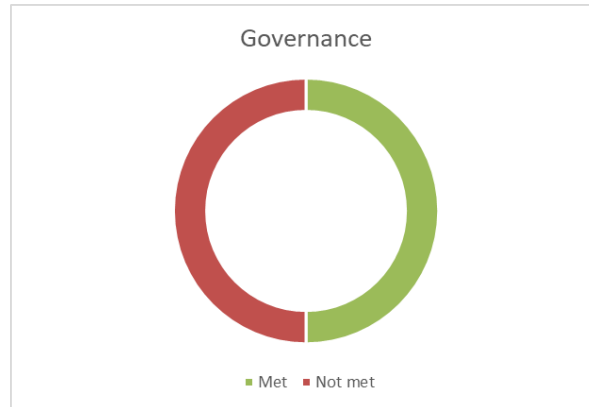
The pandemic has affected the delivery of our public services by City Archives, by reducing the number of face-to-face visits, onsite tours, and research appointments held in our public reading room. We have however been able to maintain online services, and our digitisation capacity has allowed us to transition many of our face-to-face customers to online service..

### Performance Summary

This strategy area is responsible for delivering just over eight percent of Council's performance measures. COVID-19 did not have a material impact on the KPIs in this area.



**Key performance indicator results**



[following will be presented as sidebar call outs in the final document]

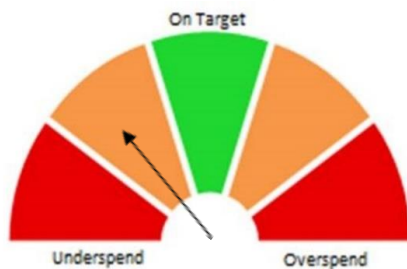
Highlights	Challenges
<p><b>100%</b></p> <p>Our two measures for ensuring meeting and committee agendas being publicly available and official information requests under the Local Government Official Information and Meetings Act both met their targets. This year we provide narrative on progress in the implementation of Te Atakura and Tūpiki ora strategic plans</p>	<p><b>0 out of 4</b></p> <p>measures that record residents' satisfaction with decision making, community engagement, information accessibility and Council contact centre were met this year. We are working to identify how we can improve in this area to lift results in future years.</p>

**Financial summary**

The financial result for Governance was favourable for the year due to lower than planned COVID-19 response support costs for Council-controlled organisations, as well as lower personnel costs through vacancies. Capital expenditure was \$1.1m.

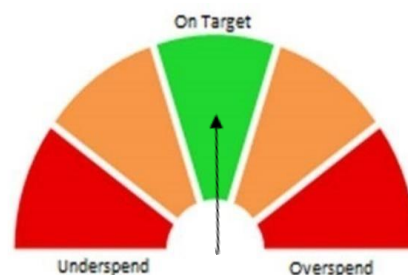
For more details on the Governance budget and variance explanations, see [pg X](#).

*Net operating expenditure*



**Variance:**  
 \$4m or 13% underspend

*Capital expenditure*



**Variance:**  
 \$0m on budget

## Pārongo ā-tāone – Governance activities

This section outlines some of the projects and programmes we have undertaken this year. It also provides detailed financial and non-financial performance information for the two key groups of activities.

### **What we do:**

#### **1.1 Kāwanatanga, Pārongo me ngā mahi whai wāhi | Governance, information and engagement**

In this area, we seek to be transparent as possible to build public confidence in the way the Council operates. This means, clearly communicating the reasons for the things we do and encouraging public participation in the decision-making process. We also prepare and run local body elections. This includes preparing a pre-election report for potential candidates.

#### **Listening to our residents' voices**

We conduct surveys with our community, which provides the opportunities to understand what Wellington residents think about the Council and the city.

#### **1.2 Rangapū Māori/mana whenua – Māori and mana whenua partnerships**

In this area we partner with mana whenua and recognise their special place in the city's history and their relationship with the land, waterways and other parts of the environment. We have also shifted our focus from operation to a strategic direction, looking at providing Council with a strong Māori voice and raising its importance along with championing mana whenua and Māori aspirations for this city.

### **Key projects or programmes**

The following section outlines how we performed this year on the key projects or programmes that were identified in the 2021-31 Long-Term Plan (Year 1) as being areas of focus.

#### **City Archives - Digitisation**

A key focus for City Archives is to digitise all our holdings, which date back to 1842. We have started with a three-year project (started in October 2020), to digitise key property records critical to supporting the LIM<sup>10</sup> process and the public Building Consent Search Service. For 2021/22, 5.5 million pages were digitised, with the total to date of 7.5 million pages digitised or 37 percent of the planned digitisation work completed.

Taking into account the work completed and data from the work so far has enabled our vendor to better understand the volume and effort required to digitise remaining material in a COVID-19 environment. The project has therefore been rescoped.

#### **Advisory Groups**

We currently have five Advisory groups which support Council by providing advice from different perspectives. These are - Accessibility, Environmental, Pacific, Rainbow, and Youth.

2021/22 was the first year for the newly established Takatāpui | Rainbow Advisory Council (previously known as Rainbow Communities Advisory Group from July 2021 to December 2021). The group assisted and advised the Council on projects including the Pōneke Promise, Te Matapihi, and the Economic Wellbeing Strategy.

<sup>10</sup> Land Information Memorandum

We implemented changes to how these groups work in line with our recent review of advisory groups. This included increased support for the groups to deliver better proactive advice, improved means for Council to consider and incorporate advice from the groups and an increase to Youth Council remuneration to be more equitable with other groups. Additionally, we have improved the way that we recruit and induct Advisory Group members.

#### ***Adapting to the impacts of changing climate***

As Climate change impacts all of the Councils operations it is a key for the ongoing Governance of Council.

As our city faces increased risk of coastal inundation and flooding, exacerbated by sea level rise. Plus, there are a variety of other risks that are still being evaluated in terms of what this will mean for our communities. The Government is due to release the National Adaption Plan in August 2022. However, there are still key aspects that are not addressed, including, 'who pays?' and 'who decides?'

This year, we established an adaption team who are developing an agreed approach to climate change adaption that builds on national policy direction, including how to engage with impacted communities.

We are building an interactive web-based engagement tool that will allow us to co-create how the city adapts to climate change with mana whenua, scientists, and residents. It will weave together Climate Change Adaptation Planning with our Digital City Model, which will use gaming technology to provide hyper-realistic visualisations of Wellington's past, present and future, climate impacts and adaptation options. The tool will allow residents to share information and ideas with Council, which will permit critical and coordinated adaptation decisions to be made in line with community priorities.

In January 2022, this project won the prestigious Bloomberg Mayors Challenge. A global competition recognising the boldest and most ambitious urban innovations that address current issues including economic recovery and growth, health and wellbeing, climate and environment, and gender and equality. Wellington City Council was named one of 15 winners to receive \$1m USD to deliver the project, out of over 600 applicants from 99 countries. It will be rolled out over the next three years. The open-source code will be available for other coastal cities to access and utilise for their own purposes.

#### ***Mana whenua and Māori***

Over the last 12 months we have seen a significant shift in the way we as Council serve mana whenua and Māori. We embarked on a new partnership journey with Te Rangapū Ahikāroa, a new body of mana whenua partners representing Te Rūnanganui o Āti Awa ki te Upoko o te Ika a Māui, Taranaki Whānui ki te Upoko o te Ika and Te Rūnanga o Toa Rangatira. The signing of this agreement sets a new direction for our partnership with mana whenua. This agreement speaks to the accountability of each partner ensuring that they meet their responsibilities, uphold the shared values, and keep the partnership strong and moving forward, together.

We have successfully co-designed Tūpiki Ora Māori Strategy with mana whenua and Māori across Te Whanganui-a-Tara. This strategy paves a way for Council and Council-controlled organisations (CCOs) to support thriving and vibrant whānau Māori across the city. The strategy has four key focus areas:

- a) Te whakatairanga i te ao Māori – Enhancing and promoting te ao Māori
- b) Tiakina te taiao – Caring for our environment
- c) Te whakapakari pūmanawa – Building capability
- d) He whānau toiora – Thriving and vibrant communities

An action plan for Tūpiki Ora is being created and through the implementation of that we will begin to see these priorities implemented across all the services that Council and Council-controlled organisations provides to our communities.

***Procurement Strategy***

Council adopted a new procurement strategy in February 2021 with the goal of evolving the Commercial Partnerships function so that Council can partner for greater impact. This has included the refreshing of the Procurement Policy and Procedures, establishing a Contract Management Framework and activating the Broader Outcomes Strategy for Council to ensure broader outcomes are embedded in our commercial decision making. Highlights in the 2021/22 financial year have been establishing a partnership with Amotai to support supplier diversity in the implementation of Tūpiki Ora and the delivery of EV and hybrid transition to support Te Atakura.

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## Governance finances

### How it was funded

Services in this activity area are mostly funded through general rates, with a small portion funded through fees and user charges for Civic Information and City Archives.

Detailed information on funding is on [pg X](#) of Volume 2: Financial Statements.

## Governance performance

### What it cost (operating expenditure \$000)

	2020/21 Actual	2021/22 Budget	2021/22 Actual	Revised budget	Variance to revised budget	Variance commentary
<b>1.1 Governance, information and engagement</b>						
Expenditure	21,663	25,698	23,747	26,598	(2,851)	Favourable due to underspending in Archives operations and in the CCO Climate Change Response programme. An additional \$0.9m was added to the AP budget for CCO Covid Response however was under spent by \$0.6m.
Revenue	(500)	(528)	(540)	(528)	(12)	
Net Expenditure	21,163	25,170	23,207	26,070	(2,863)	
<b>1.2 Māori and mana whenua partnerships</b>						
Expenditure	314	3,717	2,619	3,717	(1,098)	Favourable due to delays in the Mataaho Aronui Māori Outcomes programme.
Revenue	(10)	0	0	0	0	
Net Expenditure	304	3,717	2,619	3,717	(1,098)	
<b>1 Pārongo ā-tāone – Governance Total</b>						
Expenditure	21,977	29,414	26,366	30,315	(3,949)	
Revenue	(510)	(528)	(540)	(528)	(12)	
Net Expenditure	21,467	28,886	25,826	29,787	(3,961)	



***What it cost (capital expenditure \$000)***

	2020/21 Actual	2021/22 Budget	2021/22 Actual	Revised budget	Variance to revised budget	Variance commentary
<b>1.1 Governance, information and engagement expenditure</b>						
<b>Governance Total</b>	0	1,187	1,188	1,187	1	

### Key Performance Indicators

Key performance indicators (KPIs) allow us to track how well we are delivering services against the targets in the 10-year and Annual plans. The following tables include KPI results and explanations where targets have been exceeded or not met. Commentary is also provided for those key performance indicators which report a narrative rather than a numbers focused result.

Key for results: Exceeded - >10% over target; Within 10% +/-10% of target; Not met - >10% below target

Mana Whakahaere   Governance						
1.1 Mana Whakahaere, Pārongo me ngā mahi whai wāhi   Governance, information and engagement						
Performance measures	2019/20 result	2020/21 result	2021/22 result	2021/22 target	Result	Variance commentary
<b>Facilitating democratic decision-making</b>						
Meeting and committee agendas (%) made available to the public within statutory timeframes	98%	100%	100%	100%	Within 10%	
Percentage of residents who have adequate opportunities to have their say in Council activities	42%	37%	34%	45%	Not met	This year continues a decline from 2020 and suggests residents feel Council consultation methods can improve. Minor wording changes in the survey question occurred for the 2021-31 Long-Term Plan. For more detail visit the full Residents' Monitoring survey at: <a href="https://wellington.govt.nz/rms-survey-and-results">https://wellington.govt.nz/rms-survey-and-results</a> . We are working to identify how we can improve in this area to lift results in future years.
Percentage of residents satisfied with the process by which Council makes decisions	29.7%	16%	12%	45%	Not met	There has been a sharp decline in satisfaction from 2020. Reasons provided by residents include: not listening to the public; political issues or infighting, visibility or transparency of decision making. Minor wording changes in the survey question occurred for the 2021-31 Long-term Plan.

Mana Whakahaere   Governance						
1.1 Mana Whakahaere, Pārongo me ngā mahi whai wāhi   Governance, information and engagement						
						For more detail visit the full Residents' Monitoring survey at: <a href="https://wellington.govt.nz/rms-survey-and-results">https://wellington.govt.nz/rms-survey-and-results</a> . We are working to identify how we can improve in this area to lift results in future years.
Providing information and a point of contact						
Percentage of residents that can easily access Council information (via website, libraries, social media, newspapers etc)	68%	52%	48%	55%	Not met	This measure now encompasses more channels than previously reported however the results have remained steady over the long term. For more detail visit the full Residents' Monitoring survey at: <a href="https://wellington.govt.nz/rms-survey-and-results">https://wellington.govt.nz/rms-survey-and-results</a>
Contact Centre – Contacts responded to within target timeframes (all)		new measure	75%	90%	Not met	Increased call volumes related to Covid alert level changes and city-wide occurrences such the occupation of Parliament and severe weather events alongside Covid related illness and higher than normal staff turnover have impacted this KPI. Additional staff recruitment and altered planning for surge control is expected to see this KPI meeting its target in the next financial year.
Official information requests (%) handled within Local Government Official Information and Meetings Act legislative timeframe	94%	89%	92%	95%	Within 10%	
Climate insights and engagement						

Mana Whakahaere   Governance						
1.1 Mana Whakahaere, Pārongo me ngā mahi whai wāhi   Governance, information and engagement						
Progress on achievement of Te Atakura implementation plan	-	New measure	Achieved	Achieved	Achieved	The progress update on the Te Atakura implementation plan is based on the status of activities identified in the 2021 Te Atakura update document. A total of 32* activities were listed, and over the 2021-22 year 26 of these were either underway, ongoing or completed, an increase from 22 in the previous year. *5 activities were absorbed into other aligned activities.
1.2 Rangapū Māori/Mana Whenua   Māori and mana whenua partnerships						
Performance measures	2019/20 result	2020/21 result	2021/22 result	2021/22 target	Result	Variance commentary
Customer focus						
Number of annual initiatives delivered that strengthen WCC relationships, presence and intelligence so that Māori are engaged in Wellington's future		new measure	Achieved	Achieved	Achieved	This is the first year, we are reporting against this KPI. Mataaho Aronui, the Strategic Māori Outcomes Group has achieved three significant initiatives this financial year - Tākai Here Mana Whenua Partnership Agreement, Tūpiki Ora Māori Strategy - co-developed with Mana Whenua and Māori, and review of Te Tauihu Māori Language Policy. In the next financial year, the Tūpiki Ora Action Plan will be developed, and as part of this we be able draw together Council and Council-controlled organisations contribution to Māori Wellbeing thereby achieving the vision and outcomes of Tūpiki Ora Māori Strategy.

## Spotlight on – Tākai Here, our partnership with Mana Whenua

**“The Tākai Here partnership agreement reflects all partners as equals and that mana whenua and Council are committing to one agreement for all of us. It opens the door for collaborative and open discussion between us all and what really matters in Wellington City”**

**-Kara Puketapu-Dentice, Chairman of Taranaki Whānui**

On Friday 29, April 2022 - the 182nd anniversary of the signing of Tiriti o Waitangi in Te Whanganui-a Tara Wellington Harbour - the Tākai Here was signed. Leaders from Te Rūnanga o Toa Rangatira, Taranaki Whānui ki Te Upoko o Te Ika and Te Rūnanganui o Te Āti Awa, along with Mayor Foster and City Councillors gathered at Pipitea Marae to sign this new partnership agreement.

### **Background**

Council had two existing Memoranda of Understanding agreements with mana whenua which were signed in 2017 and was agreed that they would be reviewed every three years.

In June 2021, Council adopted its new Long-Term-Plan which sets the direction of the city for the next 10 years and outlines funding priorities and parameters. One of the key priorities within the LTP is strengthening mana whenua and Māori partnerships. The Council has committed to making space for mana whenua and Māori to meaningfully participate in, contribute to and inform Council decisions. Improved partnerships and capacity building are the cornerstones of our future direction.

Around the time of these important decisions, Council and our mana whenua partners embarked on a journey to create a new partnership agreement to reflect our refreshed responsibilities and ways of working together.

### **Purpose**

The signing of this agreement sets a new direction with our partnership with mana whenua. This agreement speaks to the accountability of each partner ensuring that they meet their responsibilities, uphold the shared values, and keep the partnership strong and moving forward together.

Tākai Here's core values guide our ways of being and doing and therefore are the vital pillars that inform how we conduct ourselves as partners in Wellington City.

- **Matua te mana** - the absolute care, reverence and respect
- **Matua te tapū** - the absolute potential, spirituality and sacredness
- **Matua te kōhine** - the absolute femininity, equilibrium, grounding and regard
- **Matua te toa** - the absolute warrior, success, attainment and gain
- **Matua te pononga** - the absolute humility of service and contribution

### **What happens next?**

Council is focussing on lifting its internal capability to uphold the values and responsibilities within the agreement. There is work to be done across Council to ensure that the right tools for success are implemented. Over the next year, Tākai Here will be woven across all levels of Council, continuing to build on the momentum that we have created over the last year and keeping mana whenua at the forefront of decision-making.



Each year, mana whenua leaders and the mayor agree on a set of key priorities to deliver on across our city. This year's priorities are focused on:

- Kāinga me te Whenua - Wellbeing of Housing & Land
- Mauri Ora o te Tāngata- Wellbeing of People
- Te Ao Māori - Wellbeing of Culture, Arts and Language
- Taiao - Wellbeing of our Environment
- Partnership

These priorities are shaping the strategic direction and programmes Council delivers. This includes the commitment to invest in the capability of mana whenua and Māori so that they can lead these priorities both across the Council and our city.

DRAFT

## 2 Te Taiao me te Hanganga – Environment & infrastructure

This chapter explains what we did and how we performed in our Te Taiao me te Hanganga - Environment and infrastructure portfolio of activities.

### Overview of the year

This area covers an extensive range of Council services, and includes everything from open spaces, waste reduction and energy conservation to water, wastewater and stormwater. Also part of this portfolio are our conservation attractions Wellington Zoo and ZEALANDIA - Te Māra a Tāne.

This year, Predator Free Wellington successfully removed Norway Rats and weasels from the Miramar Peninsula. This, and other measures, has meant the count of native birds and tree weta increased.

Following from the Annual Plan Consultation, it was decided that a new landfill will be constructed on top of the existing landfill at the Southern Landfill.

In addition, there were upgrades which happened at Zealandia -Te Māra a Tāne, and the Botanic Gardens.

### Continuing impact of COVID-19

The following section outlines the continuing impact of COVID-19 on our work programme and provides a snapshot of the delays or additional work carried out in response to the brief periods of restrictions this year.

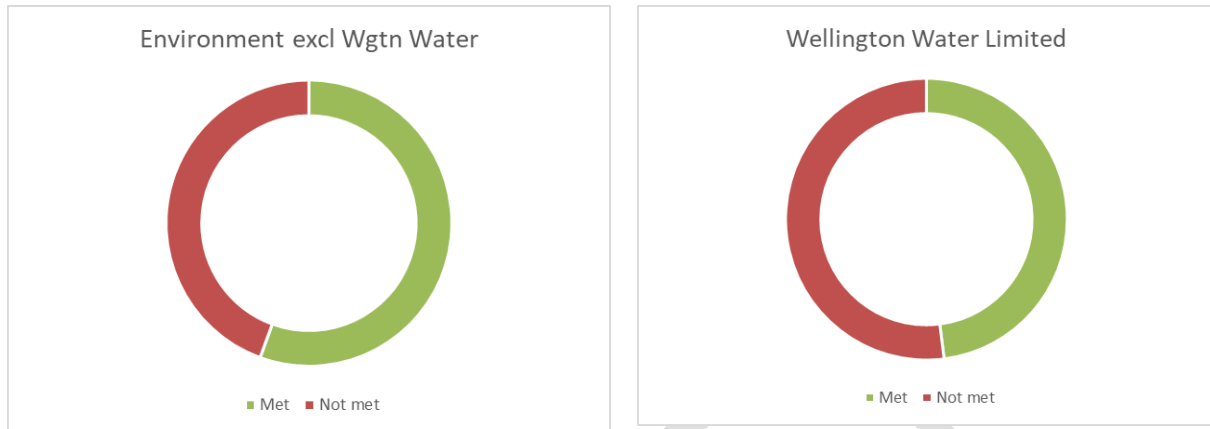
- Use of parks and open spaces including Botanic Gardens, have been impacted by lockdowns, vaccination mandates and staffing and resourcing, however, have continued to be able to deliver most service levels with minimal impact to the public.
- Project delivery has been delayed by supply chain constraints and contractor availability.

Initiatives in the Pandemic Response Plan supported the hospitality industry, which included a number of lease and license holders on the waterfront.

### Performance summary

This strategy area is responsible for delivering about thirty seven percent of Council's performance measures, including all of Wellington Water LTD measures with 50 percent met for the year.

*Key performance indicator (KPI) results*



The regionally owned Council-controlled organisation Wellington Water Limited (WWL) is responsible for the delivery of water services that are represented by 25 KPIs in this activity area. Of these, 12 were met and 13 not met. Wellington Water continues to struggle with the service demands of aging infrastructure.

Our Council-controlled organisations that support our natural environment (Wellington Zoo and ZEALANDIA - Te Māra a Tāne) are responsible for delivering against their Statement of Intent KPIs. Wellington Zoo met six of their nine KPIs and ZEALANDIA - Te Māra a Tāne seven of nine. COVID-19 impacted both organisations with lower than predicted visitor numbers.

[following will be presented as sidebar call outs in the final document]

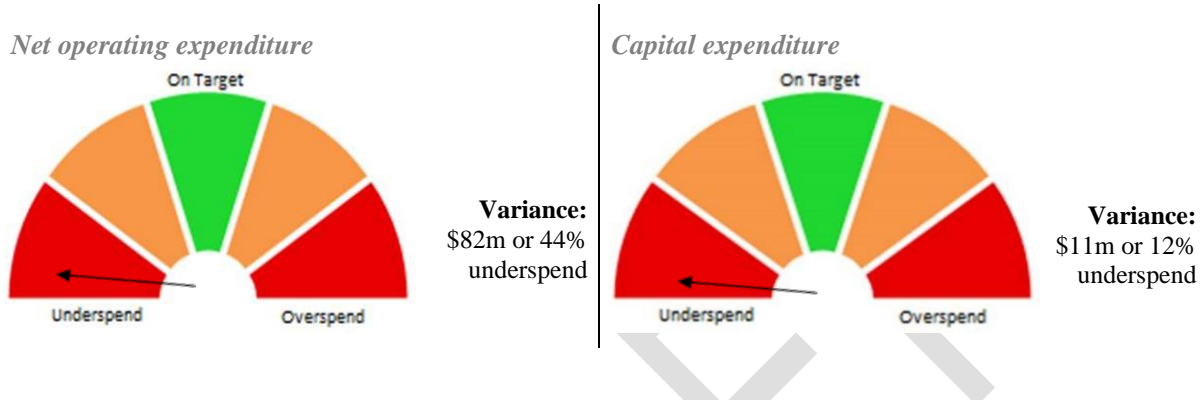
Highlights	Challenges
<p><b>4 out of 4</b></p> <p>measures relating to enhancing and managing our natural environment and cost to ratepayer for visits to the Botanical gardens and Otari-Wilton's Bush were met. [provisional result for ZEALANDIA included]</p>	<p><b>0 out of 3</b></p> <p>measures for recycling and waste collection and waste diverted from landfill were met due to COVID-19 interruptions to services.</p>

**Financial summary**

There were additional costs incurred for Three Waters due to increases in reactive maintenance costs over and above what has been budgeted. This was partially offset by use of stimulus funding, predominantly in street cleaning and suburban refuse collection, combined with lower bulk water costs and resulted in an unfavourable variance of one percent for budgeted expenditure. However, when combined with additional revenue from waste operations and vested asset income the overall Environment and Infrastructure operating expenditure has net variance of eight percent under budget.

In capital expenditure, there was a total \$7.8m overspend for the three waters network due to work on completing the Mt Albert tunnel project as well as reactive/emergency renewals being higher than planned. This was partially offset by underspends in Parks infrastructure and Coastal renewal projects as well Wellington Zoo and ZEALANDIA - TE MĀRA A TĀNE projects being under budget due to rephasing of spend.

For more details on the Environment and Infrastructure budget and variance explanations, see [pg X](#).



## Te Taiao me te Hanganga – Environment & Infrastructure activities

This section outlines some of the projects and programmes we have undertaken this year. It also provides detailed financial and non-financial performance information for the two key groups of activities.

### What we do:

#### 2.1 Gardens, beaches and green open spaces

In this area we seek to manage and restore our natural areas. This includes providing quality accessible green open spaces, maintaining and managing walking and biking tracks, ensuring our Wellington Gardens are cared for, and enhancing Wellington’s biodiversity, including supporting extensive trapping through Predator Free Wellington.

#### 2.2 Waste reduction and energy conservation

In this area we aim to reduce our impact on the environment by minimising and managing the disposal of waste, by making more efficient use of existing resources, measuring and reducing our carbon footprint, and by shifting toward renewable energy resources.

#### 2.3 Water, 2.4 Wastewater & 2.5 Stormwater

In these three areas the regionally owned Council-controlled organisation Wellington Water Limited (WWL) is responsible for the provision, management and quality of clean, safe drinking water and efficient wastewater and stormwater services. This organisation is profiled on pg X in the Council-controlled organisations section, including details of its board and governance structure.

**[Note: XXXX performance measures in the waters activity areas received a modified audit opinion. To be updated post-audit.]**

#### 2.6 Conservation attractions

The activities in this area are managed by two Council-controlled organisations, Wellington Zoo Trust and Karori Sanctuary Trust, which trades as Zealandia - Te Māra a Tāne. These

organisations are profiled on pg X in the Council-controlled organisations section, including details of their board and governance structures.

### **Key projects or programmes**

The following section outlines how we performed this year on the key projects or programmes that were identified in the 2021-31 Long-term Plan (Year 1) as being areas of focus.

#### **Predator Free Wellington**

Predator Free Wellington has successfully eradicated Norway rats and Weasels from the Miramar Peninsula. There are still pockets of ship rats remaining and they are partnering with Zero Invasive Predators (ZIP) to help deploy new automated technologies to remove these final rats. There are 220 monitoring cameras paired with automatic mayonnaise dispensers to detect rats in hot spot operational areas.

Since the eradication started, the latest bird count results show a 51 percent increase in native birds and 200 percent increase for tree wētā. We are now recording more kororā (little blue penguins) than remaining ship rats. Kākāriki, previously not found on the peninsula, have also turned up on our monitoring cameras. The community is a key part of the biosecurity response. Volunteers manage the Northern Bush project area, and Maupuia and Seatoun residents have been involved with chew card monitoring to help give assurance that areas are remaining rat free. There is also a dedicated rat detection dog working to assist operational staff in confirming the absence of target species.

This second phase of the project involves 19 suburbs - from Kilbirnie around to Ōwhiro Bay and up through to the CBD. It is an area that is home to approximately 60,000 people. Focus has been on securing permissions from residents to have a trap/bait station on their property. Over 7,000 permissions have been secured to date, and 1,000 devices have been installed, including priority stakeholders such as the Government House property in Mt Victoria. Awareness about the project is high, when knocking on doors to get permissions, 60 percent of residents already know about the project.

#### **Huetepara Park**

We worked with the community to complete a draft design, which was reviewed by the Council design panel. Some changes were made to the design to account for improved accessibility and safety. We received a cost estimate for the design, which was over budget and worked with the community to propose a staged approach and agree priorities. Agreement has been reached for Stage 1 which will include accessible toilets, outdoor showers, and a raised deck. We are now completing the engineering and design plans for consenting and procurement. This will be completed next financial year, and construction work will begin following this.

#### **WCC carbon reduction programme**

This year, as a part of our Te Atakura First to Zero plan, we have invested \$5.2m over ten years to electrify our Council vehicle fleet and develop our Climate Smart building policy which will further reduce the emission profile of Council buildings (this is in addition to our energy management programme that is cost-neutral).

#### **Southern Landfill extension**

The consent for the current Southern Landfill runs out in 2026, and despite waste minimisation initiatives, the landfill is likely to be full by that time. Therefore, a proposal went out to the community for consultation in April and May 2022.

It was decided that a new landfill will be constructed on top of the existing landfill, providing space for about 15-20 years of residual waste disposal based on the current volumes.



In the coming year we will be focused on the resource consenting for the extension for construction to occur between 2024 and 2026.

This decision was made in the context of a broader programme of work that has laid the foundations for a zero waste city. In the past three years the Council has worked towards delivering several waste minimisation initiatives:

- Commissioned Sludge Minimisation Plant at Moa Point, operating by 2025.
- The decision to extend the Southern Landfill will see residual waste disposed of in an engineered space with a modern liner system, which will prevent contaminants escaping into the environment. There will also be an effective gas capture system to collect and destruct methane generated from the degradation of waste.
- The new Solid Waste Bylaw includes changes to waste management responsibilities of property owners, waste collectors and waste operators; licensing of waste collectors and operators; enhanced waste management requirements for multi-unit developments; and compulsory waste management planning for large public events.
- The Para Kai Miramar Peninsula kerbside food waste trial has been carried out to improve our understanding of how much food waste could be diverted from the landfill through kerbside collections and home composting.

### **Three Waters work programme**

WWL capital and maintenance programmes this year included:

- **Infrastructure investment:** Wellington Water has delivered \$61.9m of capital expenditure programmes for Council in the 2021/22 year to strengthen our three waters infrastructure. It's the biggest ever single year capital programme. The figure doesn't take account of the increasing volume of pipe breaks and faults due to the aging infrastructure that require Wellington Water to implement immediate fixes.
- **CBD wastewater upgrades:** We have developed a five project Wellington CBD Wastewater Renewals and Upgrade Programme to enable the city's growth plans over the next 30 years. This work will make the city's infrastructure more resilient, allowing it to keep up with projected housing densification and projected population increases while also providing increased protection for the natural environment. Wellington Water has begun work on the first of the projects; building a new pump station and installing new rising main pipes on the corner of Taranaki and Dixon Streets.
- **Omāroro reservoir:** Construction of the reservoir roof is now complete, and the reservoir is expected to be commissioned by late in 2022. The 35 million litre reservoir will more than double the city's water storage and make our water supply more resilient. Next steps will be to bury the reservoir using material stored on the playing fields, remediating the fields and landscaping the site.
- **Drinking Water Fluoridation:** Wellington Water has committed to restoring appropriate levels of fluoride to the city's drinking water by September 2022. It was turned off at the Te Marua and Gear Island water treatment plants in 2021 due to health and safety issues. Wellington Water has continued to provide safe drinking and plans are in place to ensure no repetition of the incidents.
- **Notifying incidents and overflows:** Wellington Water has revised its notification process to be more transparent and community focused. They've created new automated processes for their website and social media channels that provide

residents with more up-to-date and relevant information about issues affecting the three waters networks.

- ***Moa Point wastewater clarifier:*** Wellington Water is replacing one of three wastewater clarifiers at the Moa Point wastewater treatment plant after a bearing in the drive assembly failed. It will reduce full treatment peak flow capacity by approximately one third although that material will still be screened and then significantly diluted by mixing with fully treated wastewater before discharge 1.8km out to sea through the long ocean outfall. The clarifier's return to service is scheduled for late 2022.

#### ***Wellington Zoo – snow leopards***

Construction started on site in late 2021 with the demolition of large areas of an old habitat that had sat vacant for nearly ten years. Construction remains on schedule for a summer 2022/23 completion – this is despite material supply challenges experienced due to COVID-19 supply chain issues. The project remains on budget. The Council are the principal funder for this project – providing \$3.7m through the current LTP (approximately 65% of the total budget). Wellington Zoo Trust have so far raised \$1.8m for this project through a significant fundraising drive.

To date, construction has primarily been demolition and in-ground structural work. July/August 2022 sees the installation of key structural and architectural features designed to support the habitat mesh. The final phase will include visitor interpretive overlays and landscaping of the habitat to provide a stimulating environment that meets the distinct social and physical needs of the two young Snow Leopards, Asha and Manju.

#### ***Zealandia - Te Māra a Tāne***

The Council supports Zealandia - Te Māra a Tāne through provision of funding which has contributed to the construction of Tanglewood House. This will be a purpose-built hub for staff, with researcher and volunteer accommodation. Despite the impacts of COVID-19 on the building industry construction, the final designs have been completed and the build is expected to be completed by the end of the 2022/23 financial year.

Sanctuary to Sea Kia Mouriora te Kaiwharawhara is Zealandia - Te Māra a Tāne's collaborative community partnership project with a 100-year goal to restore the mouri, or life-force, of the catchment. Key leaders of this project include mana whenua, WCC, Greater Wellington Regional Council, CentrePort, Department of Conservation, among many other outstanding groups and people.

One of the key outcomes in this project so far has been the complete eradication of introduced perch from Zealandia - Te Māra a Tāne's lower reservoir, the largest project of its kind attempted in the world. This effort creates space for conservation efforts targeted at Aotearoa New Zealand's rare and endangered freshwater fish and other fauna. In coming years Zealandia - Te Māra a Tāne is seeking to partner with businesses throughout the catchment to scale up and out for impact.

#### ***Botanic Garden upgrades***

We completed the upgrade to the Ōtari-Wilton's Bush visitor centre Tane Whakapiripiri, and the forming of a new easier grade track to Moko the rimu on the Blue Trail. The replacement of the botanic garden nursery's heating system was completed which includes a shift from gas to an electric energy source. A new access ramp to the Treehouse was built, and we replaced two bridges crossing the streams. Along with the Friends of the Bolton Street

Cemetery, the designs for new museum interpretation were completed. A summer garden walk with light and sound, was organised along with the events team replacing the usual Gardens Magic music season. Guided walks were held at Ōtari for Matariki and again the Matariki star cluster was highlighted on the Soundshell lawn. We maintained our Carbon Zero accreditation and began fish passage remediation work on Pukatea Stream.

***Other Environment highlights***

- Completion of the Te Kopahau Track Network Plan, which sets out how the reserve will be developed overtime including the development of new tracks, improvements to existing tracks, amenity improvements (entrances redevelopment, shelter, water, signs, interpretation and seats), as well as monitoring and management of weeds.
- Started the renewal of the historic Seatoun Wharf, replacing 80 percent of the timbers. This included replacing and strengthening piles on the outer wharf, which has improved the ability for vessels to berth. The work will be completed in the first quarter of next financial year and will enable the East by West Ferry to resume ferry services to the eastern Suburbs.

## Environment & infrastructure finances

### How it was funded

Services in this activity area are funded through a mixture of general rates, targeted rates, user charges and other revenue. Detailed information on funding is on pg X of Volume 2: Financial Statements.

### What it cost (operating expenditure \$000)

	2020/21 Actual	2021/22 Budget	2021/22 Actual	Revised budget	Variance to revised budget	Variance commentary
<b>2.1 Gardens, Beaches and Open Spaces</b>						
Expenditure	43,754	49,222	47,070	49,222	(2,152)	Favourable due to \$1.9m underspend in contract savings for Street Cleaning, and \$0.3m underspend in CBD and Suburban Gardens
Revenue	(3,229)	(3,165)	(7,184)	(3,162)	(4,022)	Favourable due to \$4.5m vested asset revenue, offset by \$0.4m adverse variance in NZTA subsidies as a result of reduced Capex delivery.
Net Expenditure	40,525	46,057	39,886	46,060	(6,174)	
<b>2.2 Waste reduction and energy conservation</b>						
Expenditure	23,666	22,980	29,649	22,980	6,669	Unfavourable \$4.0m WIP charges for Landfill stage 4 written off against depreciation and amortisation
Revenue	(24,665)	(22,337)	(30,906)	(22,337)	(8,569)	Favourable Landfill revenue \$4.6m due to ~60,000 tonnes more contaminated soil than anticipated in budget
Net Expenditure	(999)	643	(1,257)	643	(1,900)	
<b>2.3 Water network</b>						
Expenditure	53,818	55,439	59,812	56,777	3,035	Unfavourable \$2.7m overspend contracts WWL offset by Stimulus Funding grant in revenue
Revenue	(5,040)	(45)	(4,863)	(1,383)	(3,480)	Favourable Government Stimulus Funding - Opex not budgeted \$3.3m
Net Expenditure	48,778	55,394	54,949	55,394	(445)	
<b>2.4 Wastewater</b>						

	2020/21 Actual	2021/22 Budget	2021/22 Actual	Revised budget	Variance to revised budget	Variance commentary
Expenditure	53,970	49,962	62,289	52,877	9,412	Unfavourable \$1.8m overspend contracts WWL offset by Stimulus Funding grant in revenue, rates overspend \$3.9m mitigated by underspend Stormwater \$4.8m, electricity overspend \$0.8m, depreciation \$1.6m more than budget
Revenue	(3,694)	(835)	(80,877)	(3,751)	(77,126)	Favourable Vested Assets revenue \$73.2m due to transfer of Lateral assets from private landowners to Council
Net Expenditure	50,276	49,127	(18,588)	49,126	(67,714)	
<b>2.5 Stormwater</b>						
Expenditure	23,614	28,458	26,963	29,105	(2,142)	Favourable Rates expense \$4.7m underspent mitigating overspend Water activity, \$2.2m overspend contracts WWL offset by Stimulus Funding grant in revenue
Revenue	(2,157)	(162)	(4,835)	(809)	(4,026)	Favourable Government Stimulus Funding - Opex not budgeted \$2.4m
Net Expenditure	21,457	28,296	22,128	28,296	(6,168)	
<b>2.6 Conservation attractions</b>						
Expenditure	7,553	7,756	7,830	7,756	74	
Revenue	0	0	0	0	0	
Net Expenditure	7,553	7,756	7,830	7,756	74	
<b>Environment Total</b>						
Expenditure	206,375	213,817	233,613	218,717	14,896	
Revenue	(38,785)	(26,544)	(128,665)	(31,442)	(97,223)	
Net Expenditure	167,590	187,273	104,948	187,275	(82,327)	

**What it cost (capital expenditure \$000)**

	2020/21 Actual	2021 /22 Budget	2021 /22 Actual	Revised budget	Variance to revised budget	Variance commentary
2.1 Gardens, beaches, green open spaces	5,845	4,197	6,822	9,549	(2,727)	Under budget due to underspends in upgrades at Hawkins hill (\$1.1m), coastal renewals (\$0.6m) and other projects.



	2020/21 Actual	2021 /22 Budget	2021 /22 Actual	Revised budget	Variance to revised budget	Variance commentary
2.2 Waste reduction, energy conservation	8,979	1,387	1,019	752	267	Landfill stage 4 overspend \$0.3m - bring forward budget 2023. Underspent Landfill Infrastructure renewals
2.3 Water Network	27,995	33,970	35,531	33,970	1,561	WWL network renewals overspend \$3.5m, largely offset by WWL underspends in Waste Water and Omororo reservoir \$2.1m
2.4 Sewage collection and disposal network	17,765	24,705	28,156	38,191	(10,035)	Sludge minimisation plant underspend \$6.9m carry forward to 2023. WWL underspend \$3.3m
2.5 Stormwater management	9,981	5,099	5,122	5,099	23	
2.6 Conservation visitor attractions	2,010	2,877	3,058	3,449	(391)	Underspend of \$0.4m in Zoo upgrades.
<b>Environment Total</b>	<b>72,575</b>	<b>72,235</b>	<b>79,708</b>	<b>91,010</b>	<b>(11,302)</b>	

## Environment & infrastructure performance

### Key Performance Indicators

Key performance indicators (KPIs) allow us to track how well we are delivering services against the targets in the 10-year and Annual plans. The following tables include KPI results and explanations where targets have been exceeded or not met. Commentary is also provided for those key performance indicators which report a narrative rather than a numbers focused result.

Key for results: Exceeded - >10% over target; Within 10% +/-10% of target; Not met - >10% below target

2. Taiao   Environment						
2.1 Ngā māra, tātai, whenua pārae, ngahere   Gardens, beaches and green open spaces						
Performance measures	2019/20 result	2020/21 result	2021/22 result	2021/22 target	Result	Variance commentary
Utilisation						

Residents (%) satisfied with the quality and maintenance of green open spaces (local parks and reserves, playgrounds, botanic gardens, beaches and coastal areas, walkways and trails, waterfront, forested areas and green belts)	82%	78%	76%	90%	Not met	Satisfaction was between 70% and 90% for beaches and coastal areas; local parks and reserves; forested areas; botanic gardens including Otari-Wiltons bush; walkways and trails; and the waterfront. For more detail visit the full Residents' Monitoring survey at: <a href="https://wellington.govt.nz/rms-survey-and-results">https://wellington.govt.nz/rms-survey-and-results</a>
<b>Affordability</b>						
Cost (\$) to the ratepayer per visitor to the Wellington Botanic Gardens and Otari-Wilton's Bush	\$3.98	\$4.33	\$6.73	\$7.00	Within 10%	
<b>Protect and enhance our biodiversity</b>						
Plant 3 million native plants by December 2030	1,890,068	1,994,549	2,096,548	2,107,000	Within 10%	
Hectares of high-value biodiversity sites covered by coordinated pest management	311	399	339	371	Within 10%	The total number of hectares are down this year because the Te Kopahou Reserve has been excluded. The Greater Wellington Regional Council amended its funding formula which changed the basis of pest management for the reserve, this change resulted in the reserve being removed from the underpinning data for this KPI.
<b>2.2 Tiaki pūngao, whakahere para   Waste reduction and energy conservation</b>						
<b>Performance measures</b>	<b>2019/20 result</b>	<b>2020/21 result</b>	<b>2021/22 result</b>	<b>2021/22 target</b>	<b>Result</b>	<b>Variance commentary</b>
<b>Waste minimisation activities</b>						

Volume of waste diverted from landfill	17,655	18,024	17,179	20,000	Not met	COVID-19 impacts including driver shortages affected the volume of glass received for recycling.
Residents (%) satisfied with kerbside recycling service	74%	76%	72%	85%	Not met	This year's result is in line with those from 2020 onwards indicating satisfaction, while below target, is steady and high despite COVID-19 interruptions. For more detail visit the full Residents' Monitoring survey at: <a href="https://wellington.govt.nz/rms-survey-and-results">https://wellington.govt.nz/rms-survey-and-results</a>
Users (%) satisfied with waste collection service	80%	79%	76%	90%	Not met	This year's result is in line with those from 2020 onwards indicating satisfaction, while below target, is steady and high despite COVID-19 interruptions. For more detail visit the full Residents' Monitoring survey at: <a href="https://wellington.govt.nz/rms-survey-and-results">https://wellington.govt.nz/rms-survey-and-results</a>
<b>Energy conservation</b>						
WCC Group GHG greenhouse gas emissions (tCo2-e)	115,054	166,690 (unaudited)	Not yet available	Achieve 2050 target of net zero	Result not yet available	A review of Council emissions as part of our Te Atakura work plan has resulted in setting a new baseline from 2020-21 (166,690). The methodology is sufficiently different that earlier results for this measure are no longer comparable. The review of Council corporate accounting resulted in changes to the organisational boundary and

						a full value chain accounting of Council spend. By accounting for our full value chain, Council hopes to use its purchasing power to encourage its suppliers and contractors to reduce their own emissions, and to become more aware of our own investments and product use.
<b>2.3 Waimāori   Water supply</b>						
<b>Performance measures</b>	<b>2019/20 result</b>	<b>2020/21 result</b>	<b>2021/22 result</b>	<b>2021/22 target</b>	<b>Result</b>	<b>Variance commentary</b>
<b>Clean and Safe</b>						
Compliance with Drinking Water Standards for NZ 2005 (revised 2008) (Part 4 bacterial compliance criteria)*	100%	100%	100%	Compliant	Within 10%	
Compliance with Drinking Water Standards for NZ 2005 (revised 2008) (Part 5 protozoal compliance criteria)*	100%	100%	100%	Compliant	Within 10%	
<b>Meeting customer expectations</b>						
Number of complaints about the drinking water's clarity, taste, odour, pressure or flow, continuity of supply, and supplier responsiveness, expressed per 1000 connections*1	12.79	14.2	16.8	<20 per 1000	Within 10%	
<b>Continuity of water supply and resolution of faults</b>						
Water supply interruptions (measured as customer hours)	0.35 hours	0.85 hours	0.7 hours	<2 hours	Within 10%	At the time of publication, the Long-Term Plan identified the target for this measure as 'Monitor Trend'. Subsequently a target has been set as <2.

Median response time for attendance for urgent call outs* (a) attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site	117.58 minutes	128 minutes	66 minutes	≤60 minutes	Not met	
Median response time for resolution for urgent call outs* (b) resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.	16.08 hours	12 hours	1.8 hours	≤4 hours	Within 10%	
Median response time for attendance for non-urgent call outs* (c) attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site	139.79 hours	93 hours	66.8 hours	≤36 hours	Not met	Although Wellington Water continues to fix leaks at a very high rate, we are battling ageing pipes that are prone to bursts and in need of repairs. As the number of leaks are reaching levels greater than our capacity, coupled with a backlog of works carried over from previous service delivery arrangements, the end of year result exceeds the target. Note that there has been an increase in non-urgent response and resolution times across the region as our backlog of jobs has reached record levels, coupled with front line shortages during the peak of Covid-19 waves.
Median response time for resolution for non-urgent call outs* (d) resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel	14.42 days	6 days	3.1 days	≤5 days	Within 10%	



confirm resolution of the fault or interruption						
<b>Efficiency and sustainability</b>						
The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this). Calculated as a regional mean value <sup>2</sup>	19%	16%	26%	<17%	Not met	Leak detection and repairs remain an ongoing focus for Wellington Water going forward. There have been a record number of active leaks this year resulting in higher water losses, although the backlog has started to reduce in the last part of quarter 4
Average drinking water consumption resident/day* The average consumption of drinking water per day per resident within the territorial authority district	364.8	380 litres	389.5 litres	<365 litres	Not met	Leak detection and repairs remain an ongoing focus for Wellington Water going forward.  Per capita consumption continues to rise across the region, putting increased pressure on our water sources and treatment capacity.
<b>[to be updated post-audit] Qualified measures:</b>						
* Department of Internal Affairs mandatory measure						

<b>2.4 Waipara   Wastewater</b>						
Performance measures	2019/20 result	2020/21 result	2021/22 result	2021/22 target	Result	Variance commentary
<b>Compliance and sustainability</b>						
Dry weather wastewater overflows, expressed per 1000 connections*	4.95	11.70	6.16	0	Not met	A target of zero overflows remains unattainable, especially given the poor condition of

<p>The number of dry weather sewerage overflows from the territorial authority's sewerage system expressed per 1000 sewerage connections to that sewerage system.</p>						<p>network assets. The full year result is well within the regional standard target of 20 overflows per 1000 connections each year and the network performance appears to be relatively stable.</p>
<p>Compliance with the resource consents for discharge from the sewerage system, measured by the number of: a) abatement notices, b) infringement notices, c) enforcement orders and d) convictions received by the territorial authority in relation to those resource consents*</p>	0	1	3 notices: 1 infringement, 2 abatement	Nil	Not met	<p>These are part of a number of notices received for wastewater treatment plant breaches relating to the previous financial year.</p> <ul style="list-style-type: none"> <li>-an Infringement Notice discharge of non-compliant effluent water quality from the Moa Point</li> <li>-an abatement notice for the unauthorised discharge of partially treated wastewater to the Coastal Marine Area</li> <li>- an abatement notice for the unauthorised discharge of wastewater</li> </ul> <p>The review of the operations of our Wastewater Treatment Plants in the Wellington Metropolitan area was completed in December 2021. We are now working with stakeholders for feedback on the recommendations of the review.</p>
<p><b>Meeting customer expectations</b></p>						
<p>The total number of complaints received by the territorial authority about any of the following: sewerage odour, sewerage system faults, sewerage system blockages, and the territorial authority's response to issues with its sewerage system, expressed per 1000 connections to the territorial authority's sewerage system * 1</p>	17.19	21.2	24.3	<30 per 1000	Within 10%	

<b>[to be updated post-audit]</b>						
<b>Continuity of service and resolution of faults</b>						
Median response time for wastewater overflows* (attendance time) Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times measured: (a) attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site	94.03 minutes	117 minutes	162 minutes	≤60 minutes	Not met	End of year results are unfavourable due to the increasing work volume and ongoing resource constraints. Wellington Water continues to manage this by prioritising resources accordingly which has impacted response times.
Median response time for wastewater overflows* (resolution time) (b) resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault.	8.88 hours	21 hours	20.5 hours	≤6 hours	Not met	End of year results are unfavourable due to the increasing work volume and ongoing resource constraints. Wellington Water continues to manage this by prioritizing resources accordingly which has impacted response times.
Number of wastewater reticulation incidents per km of reticulation pipeline (blockages)	0.65	0.56	0.39	≤0.8	Within 10%	
<b>2.5 Waiawhā   Stormwater</b>						
<b>Performance measures</b>	<b>2019/20 result</b>	<b>2020/21 result</b>	<b>2021/22 result</b>	<b>2021/22 target</b>	<b>Result</b>	<b>Variance commentary</b>
<b>Continuity of service and resolution of faults</b>						
Number of flooding events*	0	2	4	≤2	Not met	The Wellington region experienced a series of heavy rainfall events in July and December 2021, as well as February and June 2022. Across four flooding events, these events flooded a total of 79 residential properties. Wellington Water continues to work closely

						with affected customers to close out this work.
Number of stormwater pipeline blockages per km of pipeline	0.06	0.11	0.03	≤0.5	Within 10%	
Number of habitable floors per 1000 connected homes per flooding event* For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system.) * The regional consistency for habitable floors affected in a flooding event is 10 per event, however as the DIA measure is per 1000 properties connected, we have calculated this based on connections in 20/21.	0	0.03	1	<0.13	Not met	The Wellington region experienced a series of heavy rainfall events in early December, disturbing various parts of the network. In Wellington City, a total of nine residential properties were confirmed to have flooded on two occasions.
Median response time to attend a flooding event* The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.	0 minutes	1620 minutes	3732 minutes	≤60 minutes	Not met	During these events, a high number of calls were received during peak times as well as after hours, with over 600 calls recorded during the July event. A Post Event Recovery Team (PERT) was activated to work through many customer requests after each event.
Compliance with the resource consents for discharge from the stormwater system, measured by the number of: a) abatement notices, b) infringement notices, c) enforcement orders and d) convictions*	Nil	1	Nil	Nil	Within 10%	
Days (%) during the bathing season (1 November to 31 March) that the monitored beaches are suitable for recreational use	86.2%	94%	100%	90%	Within 10%	
Monitored sites (%) that have a rolling 12 month median value for E.coli (dry weather samples) that do not exceed 1000 cfu/100ml	72%	86%	79%	90%	Not met	The Human Health Mitigation project is underway and targeting environmental health improvements at catchments across Wellington City Council. Ōwhiro Bay has seen some improvement.
<b>Meeting customer expectations</b>						

Number of complaints about stormwater system performance per 1000 connections* The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system.	11.42	11.07	8.9	≤20 per 1000	Within 10%	
Residents (%) satisfied with the stormwater system	43%	36%	39%	75%	Not met	Residents continue to indicate significant dissatisfaction with stormwater services. This is likely to continue until infrastructure renewals and 3Waters legislative changes are embedded. For more detail visit the full Residents' Monitoring survey at: <a href="https://wellington.govt.nz/rms-survey-and-results">https://wellington.govt.nz/rms-survey-and-results</a>

[to be updated post-audit]

\* Denotes Department of Internal Affairs mandatory measure

2.6 Ngā painga kukume papa atawha   Conservation attractions						
Performance measures	2019/20 result	2020/21 result	2021/22 result	2021/22 target	Result	Variance commentary
<b>Wellington Zoo</b>						
Achievement of measures within Wellington Zoo's Statement of Intent		New in 2021/22	Achieved (preliminary result)	Achieved	Within 10% (preliminary result)	[Preliminary result] 6 out of 9 KPIs were achieved. Covid lockdowns and restrictions severely impacted visitor numbers which were 49,000 below target
<b>Zealandia – Te Māra a Tāne</b>						
Achievement of measures within Karori Sanctuary Trust's (Zealandia - Te Māra a Tāne) Statement of Intent		New in 2021/22	Achieved (preliminary result)	Achieved	Within 10% (preliminary result)	[Preliminary result] 7 out of 9 KPIs achieved. Encouragingly visitor numbers were up 34% on target at 94,000 vs target of 70,000.



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## Spotlight on – supporting our environment through minimising waste

It is clear that continued global and country specific (e.g., Aotearoa New Zealand) population growth and demand for products and services will continue to place pressure on rawa taiao - environmental resources and the climate. To limit this, countries will require the implementation of policies that support climate change initiatives, improve whakahaere rauemi - resource management and ensure sustainable materials management building on the principles of the pūnaha whakarōpū para - waste hierarchy of reduce, reuse and recycle.

While countries around the globe, including Aotearoa New Zealand, are making, and will continue to make improvements in resource productivity, these changes will likely not be sufficient to offset the global increase in material use and resultant carbon emissions. To support a step change in resource productivity and use, further efforts will be needed to increase resource efficiency, including:

- supporting a circular economy (i.e., an alternative to the traditional linear economy in which we keep resources in use for as long as possible, extract the maximum value from them whilst in use, then recover and regenerate products and materials at the end of each service life); and
- improvements in the sustainable management of materials

### *What has been done this year?*

Accelerating Zero Waste is a Council priority in our 2021-31 Long-term Plan. This year, we have developed the Zero Waste Programme including further development of the landfill extension project, initiation and drafting of the next Regional Waste Management and Minimisation Plan - Wellington Waste Action Plan.

We have also brought the Sludge Minimisation Facility (SMF) project in house - this project seeks to build a facility at Moa Point which will process the city's sludge into a grade A biosolid. This will mean that we no longer need to pipe our sludge to the landfill and will break the link between the need to attract waste to mix with our sludge (4 parts to 1) to meet our strict resource consent conditions. The SMF will be operational by June 2026 at which point we intend to be ready to deploy a range of significant waste minimisation initiatives.

### *Next steps*

We are writing a Zero Waste Strategy and embarking on a Zero Waste Programme to deliver on this priority. We've already signalled intentions and have begun community conversations and actions through other strategies: Te Atakura – First to Zero, Tūpiki Ora, Economic Wellbeing and Resilience. The Council also declared an ecological and climate emergency in 2020, and this is a key strategic driver for accelerating zero waste.

The SMF project is currently in design and we are looking to start construction in 2023.

Acknowledging that as a Council we need to manage our waste and find solutions for our City, we are continuing to advance our focus on minimising the use of resources and maximising whakamahi anō – reuse and recovery. We are also continuing to integrate behaviour change as integral to transitioning to a Zero Waste City.

## 3 Whanaketanga ōhanga – Economic development

This chapter explains what we did and how we performed in our Whanaketanga ōhanga – Economic development portfolio of activities.

### Overview of the year

Our services in this section include city promotions and business support. The majority of our performance measures under Economic development are related to the work that the Council-controlled organisation Wellington Regional Economic Development Agency (WellingtonNZ) delivers on behalf of the city. This strategy area is also key to delivering several of the metrics for other performance indicators – for example economic growth, tourism, and international students.

This year, we have continued the construction of Tākina, the Wellington Convention and Exhibition Centre, and completed the work to strengthen the St James Theatre.

### Continuing impact of COVID-19

The following section outlines the impact of COVID-19 on our work programme and provides a snapshot of the delays or additional work carried out in response to the brief periods of COVID-19 restrictions this year:

Due to closed borders and government restrictions, Wellington's Council-controlled organisations (CCOs) saw a decline in audience/visitor/passenger numbers, which led to several CCOs experiencing an end of year deficit. Wellington's tourism, hospitality and retail sectors were also impacted, with reduced tourism and more people working from home leading to reduced footfall and spend. To help CCOs meet financial deficits, WCC provided additional grant funding.

Footfall reliant businesses, particularly in the city centre, were supported with a \$2.3m Pandemic Response Package. Please refer to page XX for more details on the plan.

To support businesses impacted by the Parliamentary Protests and \$1.2m fund was set up by WCC, with support from Central Government.

Other challenges included the materials shortage, which had an impact on a number of Build Wellington projects, including both those in the planning and delivery stages. This was further exacerbated by the labour shortages due to sickness and COVID-19 isolation requirements.

Throughout 2021/22, Build Wellington sourced feedback from the development and business communities, and passed this into Council to bring their voices and experiences into decision making. We also lead and collaborated on several projects to provide support to the business community through a tough year, including the Business Improvement Districts and the Creative Hoarding programme.

The Council and our partners continued to deliver our events programme where COVID-19 alert levels/traffic light settings permitted, including Matariki fireworks and an adapted Very Welly Christmas.

### Performance Summary

This strategy area is responsible for delivering about nine percent of Council's performance measures

**Key performance indicator results**

Graph to come

Wellington Region Economic Development Agency, trading as WellingtonNZ and Wellington Regional Stadium Trust both support economic development and are responsible for delivering against seven of these KPIs.

[summary performance comment to come].

[following will be presented as a sidebar call out in the final document]

Highlights	Challenges
<p><b>\$4.6m</b></p> <p>Wellington Regional Stadium Trust exceeded its event revenue for the year, along with total revenue. Both were well above the target revised due to COVID-19, but below 2018/19 levels.</p>	<p><b>442,595</b></p> <p>Wellington regional residents that attend events was not met this year (target of 475,000), because of the COVID-19 impacts on the events calendar and on regional travel.</p>

For the full set of outcome and key performance indicators and variance explanations, please see pg X.

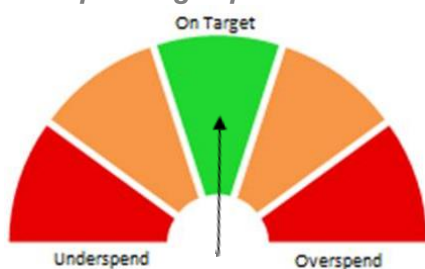
**Financial summary**

The overall variance was minimal. However, operating expenditure and revenue were significantly under budget, with revenue under by 23 percent and expenditure by 47 percent, largely due to the continued impact of -19 on our venues.

Capital expenditure for this activity continued to track behind schedule with a 79 percent underspend, which was largely due to delays with the St James Theatre project. This delay was due to lost time on site owing to -19 and increased difficulty procuring materials from overseas suppliers.

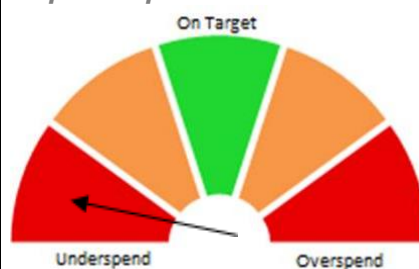
For more details on the Economic Development budget and variance explanations, see pg X.

**Net operating expenditure**



**Variance:**  
 \$1.7m or 6% underspend

**Capital expenditure**



**Variance:**  
 \$10.8m or 82% underspend

## **Whanaketanga ōhanga – Economic development activities**

This section outlines some of the projects and programmes we have undertaken this year. It also provides detailed financial and non-financial performance information for this group of activities.

### ***What we do:***

#### ***3.1 Whakatairanga tāone - City promotions and business support***

In this area we support Wellington's economic growth by encouraging high-quality events and promoting tourism, attracting and supporting business activity, and delivering major economic development initiatives. Economic growth means Wellingtonians can continue to enjoy a high quality of life.

Some of the activities in this area are managed or supported by WellingtonNZ. This organisation is profiled on [pg X](#) in the Council-controlled organisations section, including details of its board and governance structure.

### ***Key projects or programmes***

The following section outlines how we performed this year on the key projects or programmes that were identified in the 2021-31 Long-term Plan (Year 1) as being areas of focus.

#### ***Tākina Wellington Convention & Exhibition Centre progress***

Construction of Tākina has progressed well despite COVID-19 disruptions to global supply chains, with the schedule and budget on track to completion in mid-2023. Highlights include completion of building exterior, including roof and facade. Partnerships have been signed off with Te Papa Tongarewa and NZ Game Developers Association.

For more detailed information on the centre, read our feature on [pg X](#).

#### ***St James Theatre***

The work to strengthen the St James Theatre to a minimum 67 percent of the New Building Standard started in April 2019 and was completed in June 2022. Other improvements to the building were made at the same time, including upgrades to staging, lighting, sound and rigging systems, as well as the fire protection, mechanical and electrical systems.

The St James Theatre opened with its first show on 23 June 2022 with Teeks performing with the New Zealand Symphony Orchestra. The Theatre is home to the Royal New Zealand Ballet who will return to the building later in the year following upgrade works to its tenancy space and dance studios.

#### ***Economic Wellbeing Strategy***

A new Economic Wellbeing Strategy was developed and adopted by the Council in June 2022. This articulates a direction for a dynamic city with a resilient and innovative and low waste, low carbon circular economy that provides opportunities for all and protects and regenerates our environment.

The economic wellbeing strategy identifies the importance of transitioning out of the pandemic while also seeking to transition our economy over time to a circular economy,



with sustainable businesses and career pathways. It acknowledges the need to create a dynamic central city while supporting the suburban centres to also thrive.

This is a 10-year strategy. Delivery of the action plan will begin in the 2022/23 year.

### ***Pandemic Response Plan***

The past three years have been challenging for the city, its businesses and Wellingtonians. While the city has broadly dealt well with the impacts of COVID-19, it is important to quickly adapt to enable businesses and residents to thrive.

We delivered a Pandemic Response Plan in 2020 and in 2022 to support hospitality, retail and other business sectors facing financial hardship because of COVID-19 and the Parliament protest in early 2022. Key actions included:

- rent relief for commercial businesses located in Council-owned buildings;
- free outdoor dining permits, the development of “parklets” guidelines, and a fast-tracked process to enable hospitality and retail businesses to extend out onto, and revitalise, streets;
- refunding all pavement licence fees for the current year to support businesses.
- deferral of rates payments without penalty for six months for those facing hardship
- no charge for reissuing of a special license for an event if an event is cancelled due to the pandemic; and
- \$1 per hour weekend parking and extension on parking hours to encourage people to travel to the CBD and support the hospitality and retail industries with more people visiting the city.
- \$1.2m fund for the businesses impacted by the Parliamentary protest.

### ***Other Economic development highlights***

#### **Destination Pōneke**

We worked with WellingtonNZ to develop Destination Pōneke, a new destination management plan that provides a roadmap for how Wellington develops as a visitor destination. Destination Pōneke aims to enhance aspects of our city, so Wellington continues to be a great place to live, work, study and visit – and is ready for future change.

Created by canvassing the aspirations of local businesses, mana whenua, the Wellington community, potential visitors and government, the plan takes a wellbeing approach to support jobs and add value socially, culturally, and environmentally.

Our ambition is to transform Wellington in a zero-carbon destination, famous for experiences that ignite curiosity and make you think. We also want to leverage our competitive advantage as a destination, being the capital of Aotearoa; a place where change happens and decisions are made. There needs to be better access to, and awareness of, the nation’s stories that are housed in Wellington. Every New Zealander has the right to connect with those stories, and every international visitor should engage in our history, culture and ideas as much as they do with our landscapes.

The plan is now being actioned, facilitated by WellingtonNZ.

**Creative HQ** – a wholly owned subsidiary of WellingtonNZ have three focus areas – Growing startups for Wellington, making Wellington Famous for Government Innovation,

and building capability in individuals and organisations through our School of Innovation. Key highlights from the year include:

- Working with over 6,000 leaders and changemakers across 75 individual projects
- \$13.1m investment raised by startups that went through Creative HQ accelerator programmes
- 49 founders supported through 3 startup programmes (2 Climate Response Accelerators, 1 Incubator)
- 27 events were held, including the Mindset of Design Festival, GovTech Demo Day at the Beehive and the Government Innovation Exchange.

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## Economic development finances

### How it was funded

Most of the Economic development activities are paid for by commercial ratepayers, as this covers the cost of tourism promotion, economic grants, and other activities that directly benefit the sector.

Detailed information on funding on [pg X](#) of Volume 2: Financial Statements.

### What it cost (operating expenditure \$000)

	2020/21 Actual	2021/22 Budget	2021/2 Actual	2021/22 Budget	Variance to revised budget	Variance commentary
<b>3.1 Economic Development</b>						
Expenditure	31,250	35,315	34,485	38,015	(3,530)	Lower level of Covid relief payments and reduced activity in Venues due to omicron outbreak.
Revenue	(8,063)	(8,326)	(6,718)	(8,526)	1,808	Lower level of activity in Venues due to omicron outbreak, significantly better than forecast due to relaxation of settings after the Q3 forecast was prepared.
Net Expenditure	23,187	26,989	27,767	29,489	(1,722)	

### What it cost (capital expenditure \$000)

	2020/21 Actual	2021 /22 Budget	2021 /22 Actual	Revised budget	Variance to revised budget	Variance commentary
3.1 City promotions and business support	3,388	3,832	2,324	13,163	(10,839)	Under budget on the St James project. Note that the budget for St James is over two strategies, the other being 6.2 where the project budget is overspent by \$9.1m. Overall the St James project is \$0.5m over the current year. Other Venues renewal budgets are also underspent.
<b>Total</b>	<b>3,388</b>	<b>3,832</b>	<b>2,324</b>	<b>13,163</b>	<b>(10,839)</b>	

## Economic development performance

### Key Performance Indicators

Key performance indicators (KPIs) allow us to track how well we are delivering services against the targets in the 10-year and Annual plans. The following tables include KPI results and explanations where targets have been exceeded or not met. Commentary is also provided for those key performance indicators which report a narrative rather than a numbers focused result.

Key for results: Exceeded - >10% over target; Within 10% +/-10% of target; Not met - >10% below target

3. Whanaketanga ōhanga   Economic development						
3.1 Whakatairanga tāone tautoko ā pākihi   City promotions and business support						
Performance measures	2019/20 result	2020/21 result	2021/22 result	2021/22 target	Result	Variance commentary
<b>WREDA – Wellington NZ</b>						
WellingtonNZ is delivering direct value/ROI on our shareholders investment - direct economic impact of Wellington NZ's activities and interventions (\$m)	New measure	\$214m		\$150m		Result not yet available
<b>WellingtonNZ is shaping and amplifying the regional destination/brand story</b>						
Equivalent Advertising Value (EAV) from media activity (\$m)	New measure	\$50.6m		\$25m		Result not yet available
Value of expenditure generated from events (including business, performance and major events) (\$m)	New measure	\$52m		\$75m		Result not yet available
The number of Wellington region residents that attend events	New measure	442,595		500,000		Result not yet available
<b>WellingtonNZ is supporting businesses to upskill and grow</b>						
Number of different business engagements in WellingtonNZ programmes	New measure	3,863		2,000		Result not yet available
<b>Financial health</b>						

% of Revenue from commercial/non council funding and commercial activity (combined WellingtonNZ and CreativeHQ)		New measure 2021/22		30%		Result not yet available
Budget on track – income, expenditure and surplus		New measure 2021/22		To budget		Result not yet available
<b>Stakeholder relations health</b>						
Stakeholder satisfaction		New measure 2021/22		>80%		Result not yet available
<b>Wellington Sky Stadium</b>						
<b>Performance measures</b>	<b>2019/20 result</b>	<b>2020/21 result</b>	<b>2021/22 result</b>	<b>2021/22 target</b>	<b>Result</b>	<b>Variance commentary</b>
Achievement of measures within Wellington Regional Stadium Trust Statement of Intent		New measure 2021/22		Achieved		Result not yet available



## **Spotlight on – Supporting our economic growth through Tākina, our new meeting place**

**It's a place of welcoming, learning, and sharing.**

Tākina, The Wellington Convention and Exhibition Centre (WCEC) will be Wellington's meeting place – a modern fit-for-purpose, sustainable 5-Green Star building fitting for our capital city. It will be the capital's premium conference and exhibition space with two levels dedicated to hosting conferences, meetings, trade exhibitions and business events (for up to 1,600 attendees).

The Exhibition Gallery, located on the ground floor of Tākina, has been specifically designed to enable Wellington to secure and host leading international touring exhibitions and to support the development and showcasing of home-grown exhibitions.

### ***What has happened this year?***

Tākina, meaning to encounter and invoke, is on track to open on time in June 2023, with the Festival for the Future being the first conference event.

The architectural character of the building is revealing itself and promises to be transformational in the regeneration of this important area of the city. The building exterior is now complete with the unique bronze facade featuring about 1300 glass panels installed across the building's curved profile that are constantly changing. These panels limit the heat entering the building from the sun, reducing the peak cooling requirements and associated energy while providing crystal clear outlooks.

Tākina will be managed on behalf of Council by Te Papa Tongarewa in an exciting new partnership that will see the Te Papa venues and Tākina being marketed and operated jointly through the "Tākina Events" brand and identity, which was launched on 1 April 2022.

During this year it was announced that New Zealand will be hosting the 22nd International Sedimentological Congress (ISC) in 2026 at Tākina, which is expected to attract up to 1,000 participants and deliver an estimated \$3.4m to the economy. ISC is one of the largest international conferences dedicated to the study of sedimentary rocks and the processes by which they are formed. The ISC is rarely held in the Southern Hemisphere but in 2026 it will be hosted by Geoscience Society of New Zealand's Sedimentology Special Interest Group (SSIG) at Tākina.

This is the first major international event secured for Tākina. Currently, conference bookings continue to flow and demonstrate strong interest in Tākina. With a year to go before opening, more than 70 bookings have already been made with 50 of these being for the first 12 months.

Tākina is the largest built economic infrastructure investment by the City since Sky Stadium and will deliver significant economic benefits to Wellington. Tākina will showcase the breadth and depth of expertise and thought leadership the Capital has to offer and strengthen the cultural precinct around Te Papa, complementing of this NZ's top-ranking tourism attractions.

## 4 Oranga ahurea – Cultural wellbeing

This chapter explains what we did and how we performed in our Cultural wellbeing portfolio of activities. This includes arts and cultural activities.

### Overview of the Year

Our services in this section are centred on people and places - delivering events and activities, city events and festivals, attractions, and galleries and museums.

The Council managed to organise or support a number of planned events and festivals, although some of the annual events had to be adjusted or postponed to meet with the COVID-19 Orange traffic light setting.

We had to postpone the summer Gardens Magic in January 2022 and replaced it with a Gardens Trail event - A self-guided daytime tour – featuring an enchanted Gardens Gallery of art and sonic installations. CubaDupa had to be postponed in March 2022 (after returning in 2021) as the country was at red on the traffic light setting.

However the Matariki festival in June 2022 was a significant event as Matariki was an official public holiday in New Zealand for the first time. A number of performances, arts and sculptures displayed around Wellington City, with the fireworks display in the evening of 24 June.

### Impact of COVID-19

COVID-19 and the response Traffic Light setting continues to impact events and our service delivery.

Many projects and programme deliveries were delayed due to staff shortages, mostly affected by COVID-19.

The World of Wearable Art show was cancelled for a second year in a row after the country went into lockdown in August 2021 due to the Delta outbreak placing restrictions on gathering sizes. Some other major events (Cubadupa and Gardens Magic) had to be postponed and/or modified to meet the Government's restriction guidelines. This includes shifting some of the events to online platforms.

Please refer to our Calendar of Community Events on page XX, which displays the details of the events that took place in person or online, and cancelled or postponed.

**Performance Summary**

This strategy area is responsible for delivering about three percent of Council’s performance measures.

**Key performance indicator (KPI) results**



Wellington Museums Trust, trading under Experience Wellington, is one of our Council-controlled organisations that support cultural wellbeing. While the number of physical visits were impacted by COVID-19, virtual visits exceeded targets for KPIs.

[following will be presented as sidebar call outs in the final document]

Highlights	Challenges
<p><b>More than 81%</b>                      of attendees at Council-delivered arts and cultural festivals and visitors to Pōneke were satisfied with their experience</p>	<p><b>297,511</b>                      Total physical visits to Museum Trust sites were down due to COVID-19 impacts however virtual visitation targets were exceeded with 404,024 unique visits to Experience Wellington institutional web or mobile sites.</p>

For the full set of outcome and key performance indicators and variance explanations, please see **pg X**.

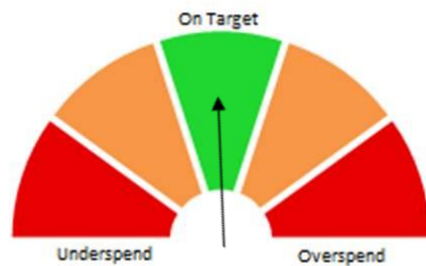
**Financial summary**

Overall operating expenditure was slightly over budget due to the under writing of Space Place.

Capital expenditure for this activity was under budget due to delays with the Bond Store upgrade with the plans for the Bond Store yet to be finalised.

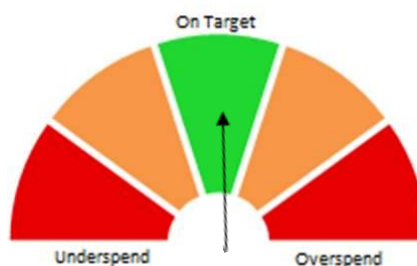
For more details on the Cultural Wellbeing budget and variance explanations, see **pg X**.

### Net operating expenditure



**Variance:**  
\$0.3m or 1%  
underspend

### Capital expenditure



**Variance:**  
\$3.6m or 7%  
overspend

## Oranga ahurea – Cultural wellbeing activities

This section outlines some of the projects and programmes we have undertaken this year. It also provides detailed financial and non-financial performance information for the two key groups of activities.

### What we do:

#### 4.1 Ngohe toi, ahurea hoki - Arts and cultural activities

In this area we provide opportunities to develop the city's cultural scene to build engaged and curious communities, as well as support for galleries and museums, community arts and cultural events, and arts partnerships. We develop and deliver a range of city events, and support community events.

Some of the activities in this area are managed by a Council-controlled organisation - the Wellington Museums Trust which, trades as Experience Wellington. This organisation is profiled on [pg X](#), including details of its board and governance structure.

### Key projects

The following section outlines how we performed this year on the key projects or programmes that were identified in the 2021-31 Long-term Plan (Year 1) as being areas of focus.

#### Living Wage

Alongside our status as a Living Wage accredited employer, we launched a \$300,000 pa grants fund available for the first three years of the Long-term Plan for non-Council events in Wellington City.

The fund provides support to pay artists, producers and performers at living wage rates, 18 events and organisations were supported through this fund.

We were also able to provide ongoing support for festivals including the Newtown Festival, NZ Fringe Festival, Performance Arcade and Verb who all provide important platforms and opportunities for our creative sectors (see also Activity 3.1 – City Promotions and Business Support).

See additional information on living wage events in Activity 4.1 – Arts and Cultural Activities.

#### Fund cultural and art projects and performances

We committed ongoing support for 20 organisations for the next three years. As our key partners these organisations deliver a range of activity in the theatre, visual and

performing arts. This includes support national and regional arts organisations such as the Royal New Zealand Ballet, Footnote New Zealand Dance, the New Zealand Symphony Orchestra and Orchestra Wellington.

Through our grant funding programmes we supported a wide range of arts projects, programmes and events with grants and subsidies for access to venues. Our Arts and Culture Fund alongside the implementation of Aho Tini 2030 pivoted to provide funding support to the independent arts sector as our professional performing arts area. Through our partnership with Creative New Zealand our panel of local arts and community practitioners allocate Creative Communities grants which were topped up with additional funding through the government COVID-19 recovery fund.

### **Aho Tini**

Adopted in 2021, Aho Tini is our Arts, Culture and Creativity Strategy. The strategy was developed in collaboration with the Wellington creative sector and provides direction for Council and CCOs in supporting cultural wellbeing. It will guide the shape of all our arts, culture and creative activities over the next ten years. See the spotlight on Aho Tini on page xx.

### **Strengthening Council buildings**

Council has continued the earthquake strengthening of our facilities to support the civic and cultural activities of the city as well as revitalise the buildings of Te Ngākau Civic Square. The strengthened St James Theatre was reopened in June 2022. Planning is underway for the relocation the Royal New Zealand Ballet back to their historic home within the St James Theatre along with deconstruction of Ballet occupied temporary building on the grounds of the Michael Fowler Centre. The Town Hall strengthening has continued amid significant construction market issues with supply chains, worker shortage, and COVID-19 waves. Council is working with Tāwhiri NZ (NZ Festival), to plan and refit an area of the Te Whaea building complex to create a purpose build small performance venue for the city.

The budget for St James and Town Hall upgrades are included in activity 6.2 Building and Development control. Both are included here given the buildings collective contribution to Arts and Culture.

### **Wellington Museum**

We are reviewing the planned \$20m project to earthquake strengthen the building that houses the Wellington Museum. Further engineering investigations and knowledge gained from other projects like the St James Theatre is being applied to this project. The original scope would enable a life safety outcome but not necessarily an ongoing building resiliency. The review will allow Council to make an informed decision on a strengthening level to better ensure that this category one heritage building continues to have a landmark status on the city's world-renowned waterfront.

### **Other Cultural wellbeing highlights**

- **Food waste reduction events** – This year, our Council supported a number of exciting projects and events designed to reduce food waste, promote sustainability, encourage local food access and connect our communities. Council funded food groups hosted events and workshops around Pōneke, where the community had the opportunity to learn food skills like composting, seed swaps, and growing edible mushrooms.
- **World of Wearable Art (WOW)** - After being rescheduled due to COVID-19 related lockdowns, the 2021 World of Wearable Art event was cancelled as on-going



uncertainty made risks too high to proceed. WOW is significant in Wellington's cultural event calendar bringing an estimated \$27.9million to the region's economy. In March 2022 Council agreed to provide an additional \$3.62m to provide support and continuity for WOW in Wellington.

- **Inaugural Matariki** - Matariki was officially celebrated as a new public holiday on 24 June 2022 and our city joined in the celebrations with a rich range of Matariki ki Pōneke activities. Activities included the harbour fireworks display, Ahi Kā, the Courtney Place light boxes by artist Tanya Te Miringa Te Roraranga Ruka and the Waituhi flags by Tane Morris. Matariki ki Pōneke will be shaped going forward with mana whenua to ensure we mark the Māori new year in the right way.

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## Cultural wellbeing finances

### How it was funded

Services in this activity area are funded through a mixture of general and targeted rates and external grants and subsidies from non-Council sources.

Detailed information on funding on **pg X** of Volume 2: Financial Statements.

### What it cost (operating expenditure \$000)

	2020/21 Actual	2021/22 Budget	2021/22 Actual	Revised budget	Variance to revised budget	Variance commentary
<b>4.1 Arts and cultural activities</b>						
Expenditure	22,028	24,587	24,085	24,629	(544)	Favourable due to \$0.3m underspend in the City arts and events Programmes due to Covid restrictions, in addition to underspends at the Wellington Museums Trust and the Carter Observatory of \$0.1m and \$0.1m respectively.
Revenue	(532)	(967)	(705)	(967)	262	Unfavourable due to difficulties delivering the arts & events programmes leading to reduced revenue of \$0.2m, combined with reduced lease revenue from Toi Pōneke arts centre of \$0.1m.
Net Expenditure	21,496	23,620	23,380	23,662	(282)	

### What it cost (capital expenditure \$000)

	2020/21 Actual	2021/22 Budget	2021/22 Actual	Revised budget	Variance to revised budget	Variance commentary
<b>4.1 Arts and cultural activities expenditure</b>	55,958	50,515	54,622	51,017	3,605	\$4.1m overspend at Tākina, offset by underspends across City arts and events spaces of \$0.5m. The Tākina project remains on track to complete within budget.

	2020/21 Actual	2021/22 Budget	2021/22 Actual	Revised budget	Variance to revised budget	Variance commentary
<b>Total</b>	<b>55,958</b>	<b>50,515</b>	<b>54,622</b>	<b>51,017</b>	<b>3,605</b>	

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## Cultural wellbeing performance

### Key Performance Indicators

Key performance indicators (KPIs) allow us to track how well we are delivering services against the targets in the 10-year and Annual plans. The following tables include KPI results and explanations where targets have been exceeded or not met. Commentary is also provided for those key performance indicators which report a narrative rather than a numbers focused result.

Key for results: Exceeded - >10% over target; Within 10% +/-10% of target; Not met - >10% below target

4. Oranga ahurea   Cultural wellbeing						
4.1 Ngohe toi, ahurea hoki   Arts and cultural activities						
Performance measures	2019/20 result	2020/21 result	2021/22 result	2021/22 target	Result	Variance commentary
<b>High quality experience</b>						
Attendees (%) satisfied with Council-delivered arts and cultural festivals	86%	86%	81%	90%	Within 10%	For more detail visit the full Residents' Monitoring survey at: <a href="https://wellington.govt.nz/rms-survey-and-results">https://wellington.govt.nz/rms-survey-and-results</a>
<b>Wellington Museums Trust</b>						
Achievement of measures within Wellington Museums Trust Statement of Intent		New measure 2021/22	Achieved (preliminary result)	Achieved	Within 10% (preliminary result)	[Preliminary result] 6 out of 9 KPIs were achieved. Virtual visitation - exceeded; Social media - met; Quality of visit - met; Physical visitation - not met (Covid impact); Children and young people - not met (Covid impact); Financial performance (revenue trading) - exceeded; Financial performance (Fundraising) - exceeded; Spend per visitor - exceeded; Subsidy per visit - not met (Covid impact)

4. Oranga ahurea   Cultural wellbeing						
4.1 Ngohe toi, ahurea hoki   Arts and cultural activities						
Experience Wellington						
Percentage of visitors who rate the quality of their experience (good or very good)	89.5%	89%	92%	90%	Within 10%	

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## Spotlight on: Supporting cultural wellbeing through Aho Tini 2030

**Over 80 percent of Wellingtonians attend or participate in arts and cultural activities in our city, and the leading reason is that it enhances individual and community wellbeing.**

Aho Tini 2030 is our Arts, Culture and Creativity Strategy, developed in collaboration with the Wellington creative sector. It's one of a number of plans and strategies which will help us to deliver our 2040 vision for Wellington – an inclusive, sustainable, and creative capital for people to live, work, and play.

Aho Tini 2030 was adopted in August 2021, and provides direction for the Council and Council-controlled organisations (CCOs) in supporting cultural wellbeing. It will guide the shape of all our arts, cultural and creative activities over the next ten years.

This includes working together with many artists, creative industries, local organisations, national institutions and training organisations, cultural groups, friends, and whānau that all play a part in bringing our strategy to life.

Mana whenua gifted the name Aho Tini to encompass this work. Aho Tini means the many threads that bind us to ahurea/culture and te ngao/energy. Aho Tini draws together the many strands of Wellington's creative and cultural genius, and weaves them into something that is stronger, more powerful, and more sustaining than they are in isolation.

The creative sector has contributed willingly and generously to shaping and sharpening Aho Tini 2030 in 2021. In addition to the strategy being adopted, we have developed the Aho Tini 2030 Action Plan which shows the actions that will be taken to deliver this strategy for years 1-3.

Within the strategy are four focus areas, which are integral to the mahi of our new Creative Capital management team:

- Aho Tangata | Our people, connected, engaged, inclusive, accessible communities - we are focusing on broadening opportunities for diverse communities in the arts.
- Aho Hononga | Partnership with mana whenua and Māori – we will promote the profile of our mana whenua artists and te reo Māori.
- Aho Whenua | Our places, spaces, and venues – our city is alive! We are focused on finding more sites in the CBD and wider suburbs for our artists and creatives.
- Aho Mahi | Pathways, successful arts and creative sector and careers – we are working on strengthening the career pathways of the creative sector.

Building on this, 2022/23 will see continued collaboration with the sector and mana whenua and a focus on accessibility for the sector to spaces, places, and venues across the city and suburbs.

Everything is changing – venue strengthening and infrastructure upgrades, Wellington's increasingly diverse communities, new technology, and experiences of COVID-19. All these will continue to affect the central city, and the arts, culture, and creativity will play an important part in our future city. We will have the opportunity to embrace new trends while we continue to treasure and nurture what we value.

Collaboration, connection, inclusion, and accessibility are integral to Aho Tini 2030. The Creative Capital Management team continues to work closely with the creative sector, and with Council teams, to bring the arts to the table early, to draw together the many strands of Wellington’s creative and cultural genius; to make for a more inclusive and sustainable creative capital.

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## 5 Kaupapa pāpori me ngā mahi a rēhia – Social and recreation

This chapter explains what we did and how we performed in our Kaupapa pāpori me ngā mahi a rēhia – Social and recreation portfolio of activities.

### Overview of the year

Our services in this area include everything from libraries and sportsfields to social housing, community centres, and our regulatory public health functions such as alcohol and food licensing, and dog registrations.

We progressed several key projects during the year, including progressing plans for the Central Library strengthening and building a new sports and community hub in Johnsonville.

#### *Continuing impact of COVID-19*

As we continue to live with COVID-19 in the community, it continues to impact and affect our social and recreation services.

In the last 12 months, we have seen some of the services either reduced or temporary closed due to staff shortage cause by sickness, particularly for swimming pools, recreation centres, libraries, cemeteries, and community centres. We have also seen supply chain delays and contractors' availability impact on some of our key projects.

We have focused on moving some of our services online, including the booking system for the recreation and community centres, membership purchases for the swimming pools and gym, to allow funeral directors to book services directly online.

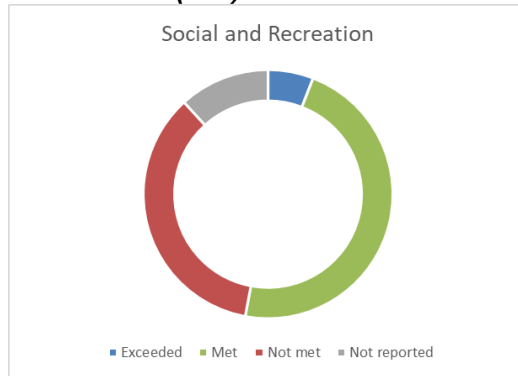
During the Red traffic light setting, we had to shut all community rooms which meant 40 plus activities across our housing complexes had to stop. A lot of the tenants with mental health challenges and/or experiencing isolation and loneliness, found it difficult to cope with these spaces being closed. We kept in regular contact with these tenants through this time. We have worked closely with Tu Ora and Regional Public Health for our COVID-19 response and have a large supply of Rapid Antigen Test kits for our tenants if they need them.

The hospitality industry has been severely affected by the restrictions placed on it during the pandemic. We introduced a package that includes \$1 licensing fees for food and alcohol licensing and free outdoor dining. In addition, we fast tracked all outdoor dining applications and were involved in the introduction of our Parklets initiative which re-purposes parking spaces across the city into outdoor dining areas.

#### *Performance Summary*

This strategy area is responsible for delivering about 18 percent of Council's performance measures.

**Key performance indicator(KPI) results**



Satisfaction with services provided and utilisation are common performance indicators for the facilities and services in this area. All were impacted by COVID-19 restrictions as discussed above. Inspection services for food registrations and alcohol licenses were temporarily suspended to reduce stress on already stressed businesses. These services are now resumed with strategies in place to ensure public safety.

[following will be presented as sidebar call outs in the final document]

Highlights	Challenges
<p><b>Satisfaction is up</b></p> <p>Satisfaction with library services and sportsfields were up, as were toilet cleanliness performance standards, graffiti removal timeframes (exceeded) and dog control response timeframes.</p>	<p><b>0 out of 2</b></p> <p>measures for cost to ratepayer – subsidy to swim and cost per library transaction were met due to reduced visitation because of COVID-19.</p>

For the full set of outcome and key performance indicators and variance explanations, please see [pg X](#).

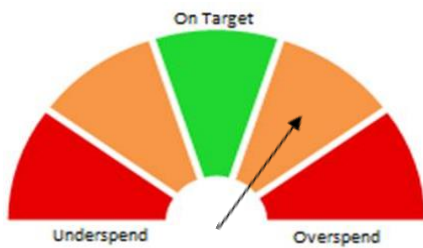
**Financial summary**

Lower facilities maintenance and depreciation costs have resulted in a favourable variance of three percent for budgeted expenditure. Revenues are also ahead of budget by \$3.5m, noting that budgets were reduced to recognise the likely impact of -19. As a result, this activity had a net variance of nine percent under budget.

The capital expenditure programme experienced delays in the completion of some significant projects. This includes Basin Reserve upgrades, which is delayed due to the availability of contracted services, and the City Housing programme, which is on hold while the financial sustainability is addressed. These resulted in a 58 percent under spend.

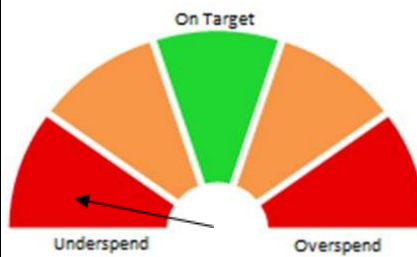
For more details on the Social and recreation budget and variance explanations, see [pg X](#).

*Net operating expenditure*



**Variance:**  
 \$5.1m or 5%  
 overspend

*Capital expenditure*



**Variance:**  
 \$16.3m or 45%  
 underspend

## **Kaupapa pāpori me ngā mahi a rēhia – Social and recreation activities**

This section outlines some of the projects and programmes we have undertaken this year. It also provides detailed financial and non-financial performance information for the three key groups of activities.

### **What we do:**

#### **5.1 Whakatairanga mahi ā rēhia – Recreation promotion and support**

In this area we encourage active and healthy lifestyles and enable participation in play, active recreation and sporting activities. We support this by providing swimming pools, recreation centres, sportsfields, playgrounds and marinas, and delivering recreation programmes and events in our facilities and in the community.

Some services for this activity are delivered by the Basin Reserve Trust and the Wellington Regional Stadium Trust. These organisations are profiled on [pg X](#) in the Council-controlled organisations chapter, including details of their boards and governance structures.

#### **5.2 Tautoko hāpori – Community support**

In this area we aim to develop highly liveable, safe and inclusive communities by providing community support initiatives, access to housing for those in need, and operate community facilities such as community centres and libraries to support overall quality of life.

#### **5.3 Hauora/haumarū tūmatanui – Public health and safety**

In this area we seek to address the city’s public health and safety needs. This activity covers our public health regulatory functions, such as dog and animal control, and food premises and alcohol licensing. The activity also covers the city’s public conveniences, and our funding support for agencies in the city that work towards improving the health, safety and wellbeing of our communities.

### **Key projects**

The following section outlines how we performed this year on the key projects or programmes that were identified in the 2021/22 Long-term Plan (Year 1) as being areas of focus.

#### **Te Matapihi ki te Ao Nui Central Library**

In late 2021, we began the first stage of the four-year project - refurbishing and strengthening Te Matapihi, moving historic fittings into storage and removing library furniture and equipment. We are currently in the second stage of removing all services equipment and interior walls from the roof down the five floors and to the basement.



Depending on disruption and staff availability, we expect this stage of work to be completed in August 2022 before strengthening work can begin.

### ***Frank Kitts Park playground upgrade***

Construction of the Frank Kitts Park playground upgrade began in January 2022. The \$6m new design which folds in mana whenua values, will be bigger than the original playground, and includes a large-scale play area with bespoke equipment, a nautical/coastal theme fitting for the waterfront site, and an accessible space for kids of all ages and abilities. New features include a waka, five new swings and dual flying fox, and a new lighthouse. While the recent change in the construction contractor has presented a challenge, the new playground is expected to be open in late 2022.

### ***Community facilities planning***

The Council is developing a Community Facilities Plan to guide our efforts into ensuring that the city has the right facilities in the right place at the right time. The plan, which is due to be completed in 2023, will first examine the current network and assess future needs as the city grows and changes. This analysis will underpin the development of the Community Facilities Plan that sets out the Council's vision and outcomes, and a prioritised action plan. The action plan will inform the next review of the Long-term Plan.

The plan is focused on a range of community facilities including libraries, community centres, pools, recreation centres, community leases, city housing community spaces, public toilets and spaces for community arts, crafts and cultural activities. Parallel to development of the Community Facilities Network Plan, we are working with Nuku Ora and other councils across the Wellington Region to develop a Regional Sports field Plan and a Regional Indoor Courts Plan. This work will look at sports field/court supply and future demand across the region and will make recommendations on future provision requirements.

### ***Sports fields renewals***

This year, we completed the renewal of the Hataitai netball courts, including resurfacing of the courts, new fencing and lighting. We also installed a new sand court where the old number two netball court was located. This will primarily be used for handball and volleyball and is the first sand court within our sportsfields network. Other sportsfields had major upgrades. The David Farrington sports field top surface of the field was replaced, and we installed drainage and irrigation on the top field of Alex Moore Park.

### ***Play area upgrades***

We completed the renewal of the Shorland Park and Cummings Park community play areas, as well as Pirie Street, Elizabeth Street, Nuku Street, Pembroke Road, and Wadestown neighbourhood play areas. We decommissioned the Kenmore Street play area in Newlands following the completion of the upgraded play area at Pukehuia Park (funds by Plimmer Bequest where utilised for the upgrade). We also completed Stage Two of the Matairangi Nature Trail, extending the current trail further into the bush with six new activities.

### ***Swimming pool renewals and upgrades***

We completed the five-yearly closure of the main pool at the Wellington Regional Aquatic Centre, and work started on the gallery windows, which will be completed next year. We have also completed the work at Keith Spry Pool on the northern end of the pool. We upgraded the changing rooms, installed a new space for activities like birthday parties, and installed two fully accessible external public toilets for park users.

Another highlight is Khandallah Pool's upgrade being approved in February 2022. The upgrade is currently being scoped.

Page | 102      DRAFT – Contains unaudited financial and non-financial performance information

### ***Sustainable Food***

We have developed the scope for six community composting hubs to trial a variety of composting methods and models over a 12-month period. We are also working with the community to progress the use of road reserve and open space land for community composting and gardening.

In October 2021, we joined the Milan Urban Food Policy Pact, which involves over 200 cities globally. This is an international framework for urban food systems based on the principles of sustainability and social justice. Wellington is the first city in New Zealand to join the international food pact.

We have partnered with mana whenua and an action plan has adopted the Hua Parakore framework to amplify mana motuhake and whanaungatanga regarding Māori soil and kai sovereignty.

### ***Community facilities upgrades***

The Aro Valley, Newtown and Strathmore Park community centre upgrades are well underway and all three are expected to be completed in late 2022. We are working with the Karori Event Centre Trust and Footnote Dance Company to progress the fit out for the Karori Event Centre.

An additional \$1.7m for an upgrade of Tawa/Linden community facilities was provisioned through the Long-term Plan. This work is underway and is due to be completed in 2023.

### ***Climate and Sustainability Fund***

In October 2021, we launched the new Climate and Sustainability Fund, the first of a five-year investment programme, supporting projects that deliver measurable change by local community organisations. We supported six projects with a total of \$250,000, these include a Sustainability Bootcamp for local businesses, seed funding for a city centre Climate Action Centre, an e-cargo bike library and a low-cost lease-to-buy scheme for converted e-bikes.

### ***City Housing***

City Housing has a long-standing financial sustainability issue that is now critical. City Housing's only source of income is tenant rent which is set at 70 percent of market rent – it does not receive any other funding, including any rates funding or funding from government subsidies. This limited income and growing cost pressures means City Housing cannot cover its costs, is running an operating deficit (\$10m and growing) and has a shortfall in funding for necessary housing upgrades.

In late 2021, we looked at options to address the City Housing financial challenges and came up with two options to consult with the public, particularly with the existing tenants.

Public consultation took place in April and May 2022 on preferred options with majority in favour of the preferred option – Council to establish a Community Housing Provider (CHP). This will see ownership of the housing assets remain with Council via a lease agreement with the new entity. The options and the next steps were adopted for the 2022/23 Annual Plan by Council on 30 June.

Supporting this decision, the Government's Budget May 2022 saw funding that will enable the new entity access to 380 Income Related Rent Subsidy (IRRS) places in the first two years of operating. This means that the Council has some of certainty as it progresses options to establish the governance structure for the CHP. This work will continue in the 2022/23 year, with a view to having the CHP operational by July 2023.

## Social and recreation finances

### How it was funded

Services in this activity area are funded through a mixture of general rates and user charges.

Detailed information on funding on **pg X** of Volume 2: Financial Statements.

### What it cost (operating expenditure \$000)

	2020/21 Actual	2021/22 Budget	2021/22 Actual	Revised budget	Variance to revised budget	Variance commentary
<b>5.1 Recreation promotion and support</b>						
Expenditure	44,706	46,626	47,065	46,626	439	Unfavourable due to higher than anticipated pool depreciation.
Revenue	(12,112)	(12,252)	(10,101)	(12,247)	2,146	Unfavourable variance due to reduced revenue in pools and ASB sports centre.
Net Expenditure	32,594	34,374	36,964	34,379	2,585	
<b>5.2 Community support</b>						
Expenditure	66,962	75,810	76,531	75,001	1,530	Unfavourable due to depreciation charges \$1.9m over budget in City Housing.
Revenue	(26,734)	(28,244)	(28,156)	(28,244)	88	Lower than expected revenue due to write-off of Library fines of \$0.4m, offset by increased rental income.
Net Expenditure	40,228	47,567	48,375	46,757	1,618	
<b>5.3 Public health and safety</b>						
Expenditure	18,152	18,413	19,330	18,413	917	Unfavourable due to higher than expected costs in Civil Defence of \$0.5m, and Public Health of \$0.2m
Revenue	(4,406)	(4,858)	(4,360)	(4,426)	66	
Net Expenditure	13,746	13,554	14,970	13,987	983	
<b>Social and Recreation Total</b>						
Expenditure	129,820	140,849	142,926	140,040	2,886	
Revenue	(43,252)	(45,354)	(42,617)	(44,917)	2,300	
Net Expenditure	86,568	95,494	100,309	95,123	5,186	

*What it cost (capital expenditure \$000)*

	2020/21 Actual	2021 /22 Budget	2021 /22 Actual	Revised budget	Variance to revised budget	Variance commentary
<b>5.1 Recreation promotion and support</b>	5,915	8,966	11,594	12,445	(851)	Under budget due to low spend across aquatic and recreation facilities of \$2.3m offset by overspends in Basin Reserve by \$1.1m and Synthetic sports fields of \$0.6m
<b>5.2 Community support</b>	6,206	21,046	7,293	21,705	(14,412)	Under budget primarily due to City Housing of \$10.3m combined with underspends in Community Centres of \$3.5m
<b>5.3 Public health and safety</b>	4,696	2,839	1,250	2,321	(1,071)	Under budget mainly due to underspend on renewals in Parks, Sport and Recreation combined with \$0.2m of underspend for Te Aro Park safety
<b>Social and Recreation Total</b>	16,817	32,850	20,137	36,471	(16,334)	

## Social and recreation performance

### Key Performance Indicators

Key performance indicators (KPIs) allow us to track how well we are delivering services against the targets in the 10-year and Annual plans. The following tables include KPI results and explanations where targets have been exceeded or not met. Commentary is also provided for those key performance indicators which report a narrative rather than a numbers focused result.

Key for results: Exceeded - >10% over target; Within +/-10% of target; Not met - >10% below target

5. Pāpori me te hākinakina   Social and recreation						
5.1 Whakatairanga Mahi ā Rēhia   Recreation promotion and support						
Performance measures	2019/20 result	2020/21 result	2021/22 result	2021/22 target	Result	Variance commentary
<b>High quality experience</b>						
User satisfaction (%) - pools	88%	90%	83%	90%	Met	The Long-Term Plan 2021-31 identifies this as a new measure with a baseline target. However, plans for establishing a point of contact user satisfaction system did not proceed due to COVID-19 impacts. The existing measure was maintained. For more detail visit the full Residents' Monitoring survey at: <a href="https://wellington.govt.nz/rms-survey-and-results">https://wellington.govt.nz/rms-survey-and-results</a>
User satisfaction (%) - recreation centres including ASB Sports Centre	88%	89%	88%	90%	Met	The Long-Term Plan 2021-31 identifies this as a new measure with a baseline target. However, plans for establishing a point of contact user satisfaction system did not proceed due to COVID-19 impacts. The existing measure was maintained. For more detail visit the full Residents' Monitoring survey at:

5. Pāpori me te hākinakina   Social and recreation						
						<a href="https://wellington.govt.nz/rms-survey-and-results">https://wellington.govt.nz/rms-survey-and-results</a>
User satisfaction (%) - sportsfields		New measure	84%	85%	Met	This is the first year this KPI has been reported. Previously satisfaction was reported across grouped KPIs for grass and artificial surface sportsfields. For more detail visit the full Residents' Monitoring survey at: <a href="https://wellington.govt.nz/rms-survey-and-results">https://wellington.govt.nz/rms-survey-and-results</a>
Affordability						
Ratepayer subsidy per swim	\$19.63	\$14.25	\$24.27	<\$15.00	Not met	Attendance was significantly down this year due to Covid which has increased the cost per person. The numbers were 300,000-400,000 less than over the three previous years.
Basin Reserve Trust						
Achievement of measures within Basin Reserve Trust's Statement of Intent		New measure in 2021/22	Achieved (preliminary result)	Achieved	Met (preliminary result)	[Preliminary result] x out of 7 KPIs [result]. Achieved 4 out of 4 attendance KPIs. Waiting on financial results to report on the remaining 3 financial KPIs
5.2 Tautoko Hāpori   Community support						
Performance measures	2019/20 result	2020/21 result	2021/22 result	2021/22 target	Result	Variance commentary
Affordability						
Cost to the ratepayer per library transaction	\$3.78	\$2.79	\$3.96	<\$2.79	Not met	Transactions have been constrained due to lower event and in-library activities.
Utilisation						
Utilisation of Leisure card (increase in number of active users)		New measure	24%	Increase	Met	Leisure use activity has been constrained due to COVID-19
Customer focus						



5. Pāpori me te hākinakina   Social and recreation						
User satisfaction (%) of community centres and halls		New measure	81%	Baseline	No result	This is the first year this measure has been reported, the result helps to establish the baseline going forward For more detail visit the full Residents' Monitoring survey at: <a href="https://wellington.govt.nz/rms-survey-and-results">https://wellington.govt.nz/rms-survey-and-results</a>
User satisfaction (%) with library services	89.7%	86%	85%	90%	Met	
Occupancy rate of available housing facilities	98.6%	97%	97%	95%	Met	
Tenant satisfaction (%) with services and facilities (includes neutrals)	91%	93%	-	90%	No result	This question was not asked in the 2022 Tenants Satisfaction Monitoring Survey due to a Long-term Plan variation concerning city housing. It is planned that this question be surveyed later in 2022.
5.3 Hauora/haumarū tūmatatanui   Public health and safety						
Performance measures	2019/20 result	2020/21 result	2021/22 result	2021/22 target	Result	Variance commentary
<b>Timeliness</b>						
Alcohol Licences - premises inspected within target timeframes (%)		New measure 2021/22	29% Preliminary result	100%	Not met	Council were unable to carry out peak time inspections until quarter 4. As the hospitality industry has been severely impacted by COVID-19, a decision was made to delay inspections until businesses had re-established themselves and their environment was less stressful.
Food registrations - premises (%) inspected within Food Act regulation required timeframes (new business and existing businesses)	5%	32%	39% Preliminary result	100%	Not met	The combined impact from Covid lockdowns, staff illness both within Council and businesses resulted in very low inspection rates. In order to minimise food safety issues we are currently prioritising verifications for businesses that produce high

5. Pāpori me te hākinakina   Social and recreation						
						risk food and also those that have attracted low scores during previous verification visits.
Graffiti removal – response time frames (%) met	84%	92%	93% Preliminary result	80%	Exceeded	Graffiti removal continues to be managed successfully due to ongoing positive relationships with partners who manage graffiti on their own assets and support murals in public places which help to prevent graffiti, Pōneke Promise, work with community groups, schools and resident associations for organised removal of graffiti on their sites, and graffiti removal by Council contractors.
Dog control - response timeframes (%) met	New measure	New measure	96% Preliminary result	100	Met	
Public toilets - response timeframes (%) met	New measure	New measure	71%	95%	Not met	Contractor challenges associated with resourcing availability and illness due to COVID-19 meant responses times were not met
Hygiene standard						
Toilets (%) that meet required cleanliness performance standards	95%	96%	77%	95%	Not met	An audit of the background data comprising this measure has resulted in a readjustment in the methodology used to calculate cleanliness standards across the variety of public toilets the Council has responsibility for

## **Spotlight on – supporting our city through Pōneke Promise**

**The Pōneke Promise is our community driven partnership, committed to addressing safety concerns in the central city.**

In early 2021, the community came together to tell us they didn't feel safe in the central city anymore. Our data backed up these concerns. Te Aro Park, Courtenay Place and the surrounding areas were looking and feeling unsafe, and we could see there were things we could change to improve the look and feel of the central city.

We recognised that these issues could not be solved alone, and we formed a partnership committed to working closely together to develop and deliver solutions to make our city safer, more vibrant, and welcoming. The shared ownership of the programme and commitment to delivery is the key to the continued success of the Pōneke Promise.

### ***A harm reduction approach***

We want a city that is free of anti-social behaviour and violence and supports thriving and vibrant communities. The Pōneke Promise ensures that harm reduction and crime prevention is always a priority for Wellington City Council and our partners across the city. Our harm reduction programmes focus on reducing alcohol harm and preventing sexual violence.

We are developing a Sexual Violence Prevention Action Plan, which has a focus on culture change around the attitudes and behaviours that enable sexual violence. We are working with key community groups to develop this programme.

Our expanded City Safety CCTV Control Base and the Hāpai Ake team are a core part of our network of capable guardians across the city. These teams work closely with Police and other partners to bring a harm reduction approach to supporting businesses and street outreach, ensuring positive outcomes for our communities.

Raising the awareness of the central city alcohol ban through the Know Your City Limit campaign has been supported by an increase in the active enforcement of the alcohol ban from NZ Police. Take 10 continues to be a safe space for partygoers to get support and take a break on Friday and Saturday nights.

### ***Safe and inviting public spaces***

Improvements in the programme are focused on creating a safe and inviting public space in Te Aro Park. This is the former site of Te Aro Pā, making it a place of significance for mana whenua and Wellington. It is the only remaining green space in this part of the city and forms the heart of the Pōneke Promise area.

In the first phase, we are installing transitional decking and planter boxes along the northern side of Dixon Street, to improve pedestrian access and visibility into Te Aro Park. 'Parklets' will support businesses to utilise outdoor spaces and bring more natural surveillance into the area.

Further upgrades to the area will be focused on the western side and edges of Te Aro Park. This includes the removal of the Te Aro Park toilets and upgrades to the area left behind. These changes will be determined through a co-design process with mana whenua and will uplift the history and story of Te Aro Pā.

These upgrades are underpinned by ‘Crime Prevention Through Environmental Design (CPTED)’ principles. This methodology is set to change the urban landscape of Te Aro, with our city planners using it to make informed urban design changes, build more secure, welcoming spaces and help create an environmentally and socially sustainable capital.

Lighting upgrades to Courtenay Place and Opera House Lane, and the design of the new precinct public toilets to be built in Inglewood Place are also in accordance with CPTED principles.

### ***A connected and supported community***

We’ve opened the doors to two new community spaces as part of the Pōneke Promise, to help foster a sense of community wellbeing and support in the central city across the range of diverse communities that call the area home.

Te Pokapū Hapori, our new community centre, is a place for residents and community to gather, connect, and enjoy activities, enhancing the sense of the neighbourhood in the central city

Te Wāhi Āwhina is a community support base which works closely with organisations across the city to help people and communities access the welfare support they need. Te Wāhi Āwhina has supported hundreds of service seekers over the last year and continues to build relationships and streamline processes to improve access to support.

### ***We’re not finished yet***

While the Pōneke Promise has introduced some great changes and initiatives, we are committed to continuing to address the issues being experienced in the central city, bringing on board new partners and working better together.

## 6 Tāone tupu ora – Urban development

This chapter explains what we did and how we performed in our Tāone tupu ora – Urban development portfolio of activities.

### Overview of the year

Our services include urban planning, heritage and public spaces development, and building and development control.

This year, we adopted the Regional Housing Action Plan and the Te Ngākau Civic Precinct Framework, which that outlines how and where the city will grow, continued with strengthening of the Town Hall, and carried out our regulatory building and development control functions. We also adopted the Spatial Plan and started the District Plan for consultation.

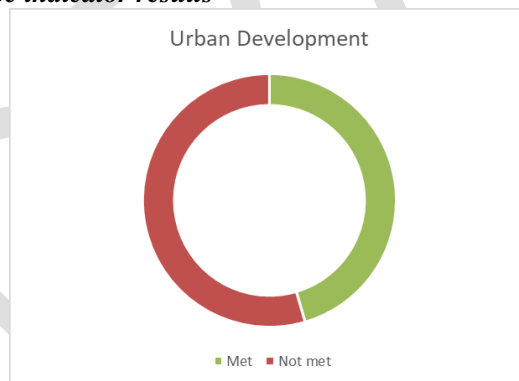
### *Continuing impact of COVID-19*

With staff absences due to COVID-19 some disruption to service levels and timeliness were unavoidable. Rostering and use of overtime in some service delivery areas was required to manage staff shortfalls.

### *Performance Summary*

This strategy area is responsible for delivering about 12 percent of Council's performance measures.

### *Key performance indicator results*



It continued to be challenging to achieve the timeliness targets in our consenting and compliance service delivery area. We have also experienced a further decline in customers who rate building control services as good or very good. The number of heritage buildings that are earthquake prone have increased due to matching our list with that of Heritage NZ, with the result that buildings that were already earthquake prone have now been included. Heritage listing includes four categories: Historic Place categories 1 and 2; Heritage under the District Plan; and listed under a Heritage Area.

[following will be presented as sidebar call outs in the final document]

Highlights	Challenges
<p>93% of customers involved in the resource consent service rated it as good or very good despite timeliness issues, and 92% of noise complaints were investigated within the service level agreement. We retained our Building Consent Authority accreditation.</p>	<p><b>3 out of 6</b>                      measures relating to timeliness of building and resource consents, issuance of code of compliance and subdivision certificates and Land Information Memorandums did not meet their targets. This is mostly due to the impacts of COVID-19 on service capacity and building industry resource constraints.</p>

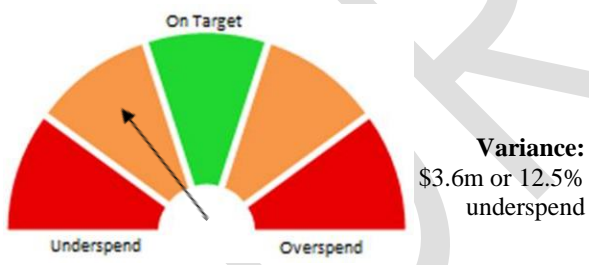
**Financial summary**

Operating expenditure was over budget, largely due to increased cost of the District Plan programme. However, revenue was ahead of budget, noting that budgets were reduced to recognise the likely impact of COVID-19. As a result, the overall variance in net expenditure was minimal.

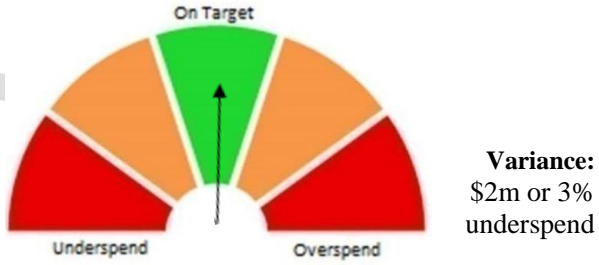
Capital expenditure for this activity was under budget largely due to underspends on the Housing Investment programme, Laneways and North Lambton Quay project (part of the Central City Framework), which will be aligned with the LGWM Golden Mile workstream. This was partially offset by overspends in the St James Theatre and Town Hall earthquake strengthening projects. Note: the budget for St James Theatre is over two areas, with the other being 3.1 in Economic development. Overall, the project is under spent for the year.

For more details on the Urban Development budget and variance explanations, see [pg X](#).

*Net operating expenditure*



*Capital expenditure*





## **Tāone tupu ora – Urban development activities**

This section outlines some of the projects and programmes we have undertaken this year. It also provides detailed financial and non-financial performance information for the two key groups of activities.

### ***What we do:***

#### ***6.1 Whakamahere tāone, whakawhanake wāhi tuku – Urban planning, heritage and public spaces development***

In this area, we deliver on the vision for Wellington as a net zero carbon city with streets made for people, high-quality affordable homes, and thriving businesses. As the population grows and challenges around seismic risk and climate change increase, we are planning for the city we need. We also want to build on the city's unique character and increase density, protect heritage, and improve its resilience. We carry out strategic planning and public space improvements to contribute to achieving these goals.

#### ***6.2 Whakahaere hanga whare – Building and development control***

In this area, we undertake regulatory functions for the built environment, including issuing building and resource consents.

### ***Key projects***

The following section outlines how we performed this year on the key projects or programmes that were identified in the 2021-2031 Long-term Plan as being areas of focus.

#### ***Planning for Growth***

The Planning for Growth programme involves the development of a 30-year Spatial Plan for the city and a full review of the District Plan, for managing development in the city,

The spatial plan was adopted in June 2021 and directs where and how growth will occur taking into account transport, infrastructure, the impacts of climate change, heritage and our natural environment.

A non-statutory Draft District Plan was released for community input in November 2021 with over 1000 submissions received. The District Plan is one of the key regulatory tools that will give effect to the Spatial Plan.

The consultation for the Proposed new District Plan will begin in July 2022.

#### ***Wellington Regional Growth Framework***

The Framework, adopted in June 2021, contains a number of region-wide and location-specific initiatives which deliver on the Government's Urban Growth Agenda – this requires an integrated approach to urban development and infrastructure planning.

A Regional Housing Action Plan has been developed and adopted in 2022 with Wellington City Council input and support, which seeks to better align housing actions across the region.

#### ***Waterfront***

We have funded the \$1.5m upgrade of the playground at Frank Kits Park in 2021/22. This will update and improve the play facilities available in the park. Redevelopment of the playground was disrupted following the liquidation of the original contractor. Appointment of a replacement contractor will see completion on schedule within 2022/23.

We also have budgeted \$6.5m for wider park development including the Garden of Beneficence. Redevelopment planning and costing continues with mana whenua, the Chinese Garden Society and the Fale Malae Trust for the first year of this plan, with a decision on future plans expected in 2022/23.

We are replacing the shade sails on Queens Wharf. The old ones have been removed, and new sails are due to be reinstalled in 2022/23, subject to no further supply chain delays.

### ***Let's Get Wellington Moving***

This programme is covered in detail in 7.1 Transport. It will deliver a significant level of urban development and transport changes to the central city and along key routes.

### ***Council's Housing Action Plan***

2022 is the final year of the current Housing Action Plan, with work underway to refresh the plan for the next three years. The plan identifies five priority areas to deliver solutions across the housing continuum. Specific updates on these five areas are discussed throughout this Annual Report. Priority areas are: taking a partnership approach to addressing homelessness; stabilising Council's City Housing service; proactive development of affordable housing supply; and enabling the market to deliver through improved efficiency of consenting and planning for growth through District Plan provisions.

### ***Affordable housing supply***

As a key priority of the Housing Action Plan, Council is increasing its delivery of affordable housing solutions in the city through three key programmes of work which are to be delivered at net neutral cost to Council.

- **Affordable rentals:** the second building, called Te Aka, of the Te Kāinga programme was completed in June, adding 48 high quality one- and two-bedroom units to the programme. Work is underway on 8 more units in this building that will offer accessibility features, including units that will be fully wheelchair accessible. More than 300 units will be delivered in the city within the next two years, through existing agreements. The programme will be grown to 1,000 units committed within five years.
- **Proactive development:** Council has continued to investigate opportunities to make better use of underutilised Council sites. One of these sites is in the negotiation stage of the Government's Infrastructure Acceleration Fund, if successful this proposal will see co-investment into essential Three Waters infrastructure to support the project in Johnsonville. Both programmes are supported by a collaborative relationship with Kāinga Ora, HUD<sup>11</sup> and Iwi. Where Kāinga Ora is focused on delivery of state housing, Council is seen as a partner for delivery of affordable housing.

### ***One-Stop Shop Programme***

Over the last year the One-Stop Shop programme of work was incorporated into customer service Improvement initiatives run by Smart Council. The aim of these initiatives is to give our customers and WCC staff the right information, advice and tools

<sup>11</sup> HUD - Ministry of Housing and Urban Development

and service they need to flow from one process or service to another. Ultimately, it's about helping facilitate people's dreams and aspirations about:

- starting and running a business
- developing land
- constructing a home, commercial building or making alterations to one

### *Te Ngākau Civic Precinct*

In October 2021, the Te Ngākau Civic Precinct Framework was adopted. This framework provides a comprehensive vision, objectives and policies for the precinct which align with the spatial plan goals of a Wellington that is resilient, greener, compact, vibrant and prosperous, inclusive and connected.

The vision, objectives and policies were developed with key stakeholders, including mana whenua, Councillors, Council staff and advisors, existing users of the precinct and local community. These have been tested with the wider community to ensure they represent Wellingtonians' aspirations for this important place.

### *Other Urban Development highlights*

- The road carriageway on Farmers Lane was completed in August 2021, in preparation for the next stage of delivery. The new road design has lifted the road level to become one surface from Lambton Quay to the beginning of the steps leading to The Terrace, and improved lighting for the thoroughfare between Lambton Quay and The Terrace, and concrete planters are now in place. The final stage will begin in the second half of 2022.
- The final round of the Built Heritage Incentive Fund (BHIF) was approved by the Social, Cultural and Economic Committee on 2 June 2022. The BHIF generated significant interest from heritage building owners and was oversubscribed by more than 350 percent. The peak in EPB notice expiry dates from 2025 to 2027 will place significant additional financial pressure on heritage building owners. To help meet this demand, as of July 1 2022 the Heritage Resilience and Regeneration Fund (HRRF) will replace the BHIF. This fund will better target heritage funding to strengthen, restore and sustainably reuse heritage buildings.
- Year-long engagement with owners of 600 earthquake-prone buildings. The purpose to understand the owners' intentions and the barriers to progress seismic building work. 57 out of the 600 have been determined not earthquake-prone this year.
- As a result from a workshop held with the Accessibility Advisory Group, members of the Disabled Persons Assembly and Council's housing development team, construction is underway on 6 units of accessible homes within the existing Te Kāinga buildings.
- Council won the award from the Association of Local Government Information Management for Customer Experience Project of the Year. This was awarded for our One Tag initiative. We were the first Council in New Zealand to replace annual plastic dog registration tags with a metal, recyclable tag which is issued to the dog for the duration of its life.

## Urban development finances

### How it was funded

Services in this activity area are funded through a mixture of general rates, fees and charges, and grants and subsidies. Detailed information on funding on [pg X](#) of Volume 2: Financial Statements.

### What it cost (operating expenditure \$000)

	2020/21 Actual	2021/22 Budget	2021/22 Actual	Revised budget	Variance to revised budget	Variance commentary
<b>6.1 Urban planning, heritage and public spaces development</b>						
Expenditure	13,320	17,517	15,828	17,517	(1,689)	Favourable due to underspending in the District Plan and Te Ngākau programmes of work and delay in incurring rent expenses due to Te Kainga delays.
Revenue	(564)	(2,594)	(1,768)	(2,594)	826	Unfavourable due to delays in the occupancy of the Te Kainga housing programme properties.
Net Expenditure	12,756	14,924	14,060	14,923	(863)	
<b>6.2 Building and development control</b>						
Expenditure	27,188	31,984	29,440	31,984	(2,544)	Favourable due to planned earthquake risk building related costs not occurring this year.
Revenue	(14,229)	(17,820)	(18,062)	(17,820)	(242)	Favourable owing to higher than planned building consent and LIM revenues, offset to some extent by lower resource consent income streams.
Net Expenditure	12,959	14,164	11,378	14,164	(2,786)	
<b>Urban Development Total</b>						
Expenditure	40,508	49,501	45,268	49,501	(4,233)	
Revenue	(14,793)	(20,413)	(19,830)	(20,414)	584	
Net Expenditure	25,715	29,088	25,438	29,088	(3,649)	

*What it cost (capital expenditure \$000)*

	2020/21 Actual	2021 /22 Budget	2021/22 Actual	Revised budget	Variance to revised budget	Variance commentary
<b>6.1 Urban planning, heritage and public spaces development</b>	2,632	23,267	9,229	23,350	(14,121)	Under budget on the Housing Investment programme, Waterfront Development due to delays on the Frank Kitts Park playground, Laneways, Poneke Promise and Suburban Centre upgrades.
<b>6.2 Building and development control</b>	41,410	37,957	45,917	33,788	12,129	Over budget due to work on the St James project. Note that the budget for St James is over two strategies, the other being 3.1 where the project budget is under spent by \$9.6m, overspend Property BU \$10.1m. Overall the St James project is \$0.5m over the current year budget.
<b>Urban development total</b>	44,042	61,224	55,146	57,138	(1,992)	

## Urban development performance

### Key Performance Indicators

Key performance indicators (KPIs) allow us to track how well we are delivering services against the targets in the 10-year and Annual plans. The following tables include KPI results and explanations where targets have been exceeded or not met. Commentary is also provided for those key performance indicators which report a narrative rather than a numbers focused result.

Key for results: Exceeded - >10% over target; Within 10% +/-10% of target; Not met - >10% below target

Performance measures	2019/20 result	2020/21 result	2021/22 result	2021/22 target	Result	Variance commentary
<b>6. Tāone tupu ora   Urban development</b>						
<b>6.1 Whakamahere tāone whakawhanake wāhi tuku iho tūmatanui   Urban planning, heritage and public spaces development (including waterfront development)</b>						
<b>Protecting heritage</b>						
Number of heritage-listed buildings that are earthquake prone	132	128	132	-10% reduction in overall number of EQP heritage buildings	Not Met	The number of heritage buildings has grown rather than reduced due to matching between Council heritage listed buildings and Heritage NZ listings. The outcome is that some buildings that were already earthquake-prone may now be included. There are four categories, under which a heritage building may be listed: Historic Place Category 1 or 2; Heritage under the District Plan; and listed under a Heritage Area
<b>6.2 Whakahere hanga whare   Building and development control</b>						
Performance measures	2019/20 result	2020/21 result	2021/22 result	2021/22 target	Result	Variance commentary
<b>Timeliness</b>						



Performance measures	2019/20 result	2020/21 result	2021/22 result	2021/22 target	Result	Variance commentary
Building consents (%) issued within 20 workings days	79%	90%	75%	100%	Not met	Capacity issues with structural engineering firms to review building consents continues to affect timeliness. Reduced staff capacity due to illness and turnover have also contributed to slower consent processing times. Recruitment and efforts to secure further structural engineering capacity are planned to come on stream in 22/23 financial year.
Code of compliance certificates (%) issued within 20 working days	94%	96%	75%	100%	Not met	A change in the policy on stopping the statutory clock was put in place following the IANZ assessment in May. This change means the statutory clock is no longer stopped while waiting for customers to book a Code of Compliance Certificate inspection. This is now a true reflection of processing times and action can be taken to close performance gap.
Land Information Memorandums (LIMs) (%) issued within 10 working days	81%	71%	58%	100%	Not met	Staffing issues meant we were unable to meet processing timeframes. New recruitment has seen processing times return to 100% within 10 days from the end of quarter 3 to years end. We expect this measure to meet its target in the next financial year.
Resource consents (non-notified) (%) issued within statutory time frames	79.4%	90%	75%	100%	Not met	A large range of complex applications, coupled with delays in accessing advisory services and vacancies impacted this measure.
Resource consents (%) that are monitored within 3 months of project commencement	93.02%	93%	91%	100%	Within 10%	
Subdivision certificates – Section 223 certificates (%) issued within statutory timeframes	96%	97%	92%	100%	Within 10%	
Noise control (excessive noise) complaints (%) investigated within 1 hour	98%	96%	92%	90%	Within 10%	

Performance measures	2019/20 result	2020/21 result	2021/22 result	2021/22 target	Result	Variance commentary
<b>Customer focus</b>						
Customers (%) who rate building control service as good or very good	63.8%	64%	61%	70%	Not met	COVID-19 impacts, recruitment challenges, structural engineering delays in the consenting process and supply chain issues in the building industry contributed to delays in building control services. The result is for those respondents who replied satisfied and somewhat satisfied (311 responses in the period)
Customers (%) who rate resource consent service as good or very good	93%	92%	93%	90%	Within 10%	
Building Consent Authority (BCA) accreditation retention	Retained	Retained	Retained	Retain	Within 10%	Accreditation is confirmed biennially and was retained in the 2022 financial year.

## Spotlight on – supporting our city’s infrastructure through Planning for Growth

**We are committed to upgrading our aging infrastructure so it can handle our city’s growth.**

The Council owns more than \$6 billion worth of assets, including tunnels, bridges, reservoirs, and retaining walls.

During the current triennium, the Council committed to upgrading much of the city’s aging infrastructure so it can handle the city’s growth, particularly the water network. Aging infrastructure is a problem being experienced by many Councils across New Zealand. During the 2021–31 Long-term Plan process, the Council committed to spending more than \$2 billion over the next 10 years on the city’s three waters network (the pipes that move freshwater, wastewater and stormwater around the city) to fix the water network’s capacity and quality issues.

### Planning for Growth

The Planning for Growth programme involves the development of a 30-year spatial plan for the city and a full review of the District Plan, our ‘rule book’ for managing development in the city.

#### *Spatial Plan*

The Spatial Plan, adopted by the Council in June 2021, lays out where and how the city’s shape will change over time. The focus is to ensure that Wellington grows in a way that supports the ongoing wellbeing of people in the city, and makes sure the city is shaped to be resilient, sustainable and liveable into the future. This means investing and growing the city centre, around public transports nodes, and major suburban centres. It builds on the Our City Tomorrow consultation where Wellingtonians told the Council they wanted a compact, resilient, greener, vibrant and prosperous, inclusive and connected city where we work in partnership with Mana Whenua.

#### *District Plan*

The District Plan is the rulebook for what types of housing and activities are permitted where. Wellington’s Proposed District Plan is the city’s first completely revised planning and environmental rulebook in more than 20 years and is the final piece of the Planning for Growth programme. The Proposed District Plan:

- addresses the major planning and environmental issues facing Wellington, including sustainable housing supply, protecting biodiversity, integrating growth and infrastructure, responding to climate change, and managing the risk of natural hazards; and
- aims to embed Te Tiriti o Waitangi, giving greater weight to partnership and the aspirations of local iwi.

A non-statutory Draft District Plan was released for community input in October 2021 with over 1000 submissions received. The Council considered these submissions and publicly notified the Proposed District Plan in July 2022. The District Plan is one of the key regulatory tools that will give effect to the Spatial Plan.

### **What happens next?**

Further submissions can be lodged by members of the public prior to the hearings by Commissioners which will commence in early 2023, with decisions expected to be released by the end of 2023/early 2024.

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## 7 Waka – Transport

This chapter explains what we did and how we performed in our Waka – Transport portfolio of activities.

### Overview of the year

Our transport services include everything from looking after traffic signals, road and footpath resurfacing, retaining walls through to building new bike lanes and footpath connections to improve safety on our streets for everyone. We also operate and enforce on-street parking across the city and the suburbs and operate the Clifton Car Park on behalf of Waka Kotahi NZ Transport Agency.

During the year we began the stabilisation and repairs at the Ngaio Gorge slip sites, completed the resilience work from Wadestown to the city, continued to work on Let's Get Wellington Moving with our partner agencies, completed key cycleways around the coast including Cobham Drive, and maintained our extensive transport network, cycleways and footpaths.

### Continuing impact of COVID-19

Transport Planning work was generally not impacted by COVID-19 as consultations and engagements were done online when necessary.

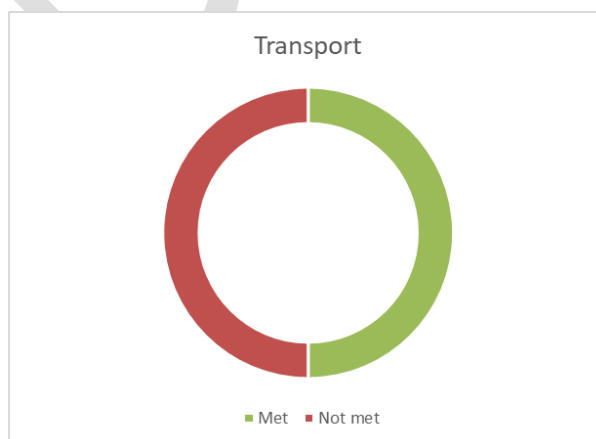
However, COVID-19 continues to affect construction on transport projects. Outbreaks and restrictions had affected supply chains and contractors' availability. Further delays were caused by the occupation of Parliament grounds by protestors and street closures in the vicinity as resources were diverted to help manage this. Projects were delayed by a couple of weeks to six months.

Despite those issues, we were still mostly able to deliver our planned of work programme for 2021/22.

### Performance Summary

This strategy area is responsible for delivering about 13 percent of Council's performance measures.

#### Key performance indicator results



COVID-19 did not have a material impact on the performance indicators for the transport network as most are technical in nature, for example condition of roads, walls, bridges and tunnels. City parking peak occupancy was impacted by COVID-19 and the allied measure relating to parking enforcement fairness was down, in part due to the changes being undertaken in the CBD with Parklets, Pōneke Promise and Let’s Get Wellington Moving initiatives which have reduced the number of parking spaces. The Cable Car experienced lower visitation rates due to the impacts of different COVID-19 response settings.

[following will be presented as sidebar call outs in the final document]

Highlights	Challenges
<b>91%</b> of Wellington’s footpaths are in average or better condition (measured against WCC condition standards) which is supported by 75% of residents being satisfied with walking on Wellington’s footpaths	<b>4 out of 6</b> measures relating to condition of local roads, customer service requests for roads and footpaths, satisfaction with street lighting and city parking peak occupancy were not met.

For the full set of outcome and key performance indicators and variance explanations, please see [pg X](#).

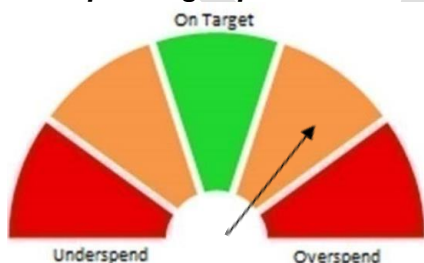
**Financial summary**

Operating expenditure for the Transport activity area was underspent by 7 percent largely due to delays in contract costs associated with LGWM, lower depreciation and road maintenance costs, lower than budgeted personnel, professional and general expenses. Revenue was ahead of budget by 19 percent due to vested asset income and higher than planned pedestrian, bus shelter and bollard advertising revenue. Budgets in this area were reduced to recognise the likely effect of COVID-19, which was less than anticipated. This means that this activity had a net variance of \$13.6m or 24 percent under budget.

Capital expenditure for this activity was under budget on several projects. There has been minimal spend on LGWM projects and lower expenditure on the LED Streetlights and Wall, Bridge and Tunnels programmes.

For more details on the Transport budget and variance explanations, see [pg X](#).

**Net operating expenditure**



**Variance:**  
 \$4.5m or 10% overspend

**Capital expenditure**



**Variance:**  
 \$17m or 25% underspend



## **Waka – Transport activities**

This section outlines some of the projects and programmes we have undertaken this year. It also provides detailed financial and non-financial performance information for the two key groups of activities.

### **What we do:**

#### **7.1 Waka – Transport**

In this area, we manage, maintain and improve the city's transport network so that people can get to places easily and safely. We look after hundreds of kilometres of city accessways, footpaths and pedestrian crossings, bike paths and bike lanes, and roads, including bus lanes and bus stops, parking areas, traffic signs and signals, and street lighting.

Some of the activities in this area, including the cable car and associated bridges and buildings, are managed by Council-controlled organisation Wellington Cable Car Limited. This organisation is profiled on [pg X](#), including details of its board and governance structure.

#### **7.2 Tūnga waka – Parking**

In this area, we operate about 3,200 on-street parking spaces in the central city, and around 890 parking spaces in off-street locations. Most of the off-street parks are in the Clifton Car Park, which is managed by the Council on behalf of Waka Kotahi. In addition, the Council manages several resident and coupon parking zones across the central city and enforces parking restrictions and parking-related bylaws in surrounding suburbs.

### **Key projects or programmes**

The following section outlines how we performed this year on the key projects or programmes that were identified in the 2021-31 Long-term Plan (Year 1) as being areas of focus.

#### **Let's Get Wellington Moving**

We have continued to make improvements and changes to our transport network as projects progress.

Changes at central city intersection have made or are in progress on the 'Central city walking improvements' project and two intersections on Whitmore Street which began in November 2021 are now completed. Further work is underway to make central city intersections safer, more accessible, and more efficient. Work began on five intersections along Vivian Street in April 2022, with waterfront intersection improvements scheduled from July 2022, and Bowen Street/The Terrace intersection improvements scheduled from October 2022.

Construction of a new crossing on State Highway 1 Cobham Drive began in late April 2022 with completion later in the year. Speed limits on State Highway 1 east of Mt Victoria were reduced to improve safety for all road users.

We are still drafting and designing the 'Golden Mile' project which aims to improve bus reliability and provide opportunities for walking, cycling, and more open spaces. This means better lighting, wider footpaths, more public seating, outdoor dining opportunities and more.

We will seek public feedback on the detailed design in July and August 2022.

### **Transport network resilience**

Over the course of this year, we have continued to invest in strengthening essential transport infrastructure and make the transport system more resilient. The largest of these projects is the slope stabilisation work we have undertaken at Ngaio Gorge. Improvements to areas affected by slips provide space for the slope hazard mitigation work, the existing traffic lane widths, a new uphill bike lane and a wider footpath.

By end of June 2022, we have:

- completed three anchored retaining walls;
- completed the temporary widening of the road at retaining walls; and
- started the slope stabilisation work.

### **Paneke Pōneke - Cycleways**

Following Council decisions on the 2021-31 Long-term Plan, we have been resourcing up this year to deliver a \$231 million programme over the next 10-15 years. Paneke Pōneke – our plan for a city-wide bike network – was consulted on in late 2021 and approved by Councillors in March 2022. The plan has been updated from the Cycling Master Plan and includes the streets that will make up the 166km network for people riding bikes, scooters and skateboards.

The bike and scooter network will help to reduce the city's emissions from road transport by making it safer and easier for more people to get around in zero or low carbon ways. It will connect suburbs to the city centre and destinations like Wellington Hospital and the waterfront, helping to get people of all ages and abilities from where they live to where they work, study, shop and spend time.

Projects will include walking and bus improvements where possible. The plan includes finishing what we have started in the east around Evans Bay, and the safety upgrade to The Parade in Island Bay which is underway and due to be completed in 2023. Many of the bike, bus and pedestrian projects connect with work happening as part of Let's Get Wellington Moving.

This year, we completed the section of Evans Bay Parade from Weka Bay to Greta Point along with the upgrade to Cobham Drive. In Miramar, we installed a new path between Shelly Bay Road and Tauhinu Road on Miramar Avenue. In addition, a range of minor supporting infrastructure changes were made including new bike parking, repair stands and cycle friendly sump grates.

In result of the Annual Plan Consultation 2022/23, the Committee approved construction of Evans Bay Stage 2 (Greta Point to Cobham Drive) and an interim upgrade to The Parade in Island Bay.

Brooklyn Road is one of the city's busy commuter routes and a connection to the south coast. In mid-2021, with funding from Waka Kotahi we installed a temporary uphill bike/scooter lane, from Nairn Street to Ohiro Road, to trial a safer way for people to get from the central city to Brooklyn.

### **Parking**

The parking activity was significantly impacted by COVID-19 as the city dealt with the impact of a lockdowns and associated restrictions which saw the occupancy of on-street carparking reduce significantly. The Council also continued with the roll-out of cashless parking meters across the city, while maintaining access to cash accepting machines. As part of initiatives (Pandemic Response Plan) the parking charges were reduced at \$1 per hour for a period and parking time limits were extended after 5pm weekdays and

through the weekends. This was to attract people back to the city and visit the shops and restaurants. This initiative ended at the end of this year.

***Other Transport highlights***

This year, we have completed minor works including..

- Hataitai Roundabout
- Rangiora Footpath
- Improvements on the Moorefield Road Pedestrian crossing
- Cashmere Ave raised Pedestrian crossing
- Makara School carpark

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## Transport finances

### How it was funded

Services in this activity area are funded through a mixture of general rates, fees and charges and grants and subsidies received from Waka Kotahi NZTA for transport related activities.

Detailed information on funding on [pg X](#) of Volume 2: Financial Statements.

### What it cost (operating expenditure \$000)

	2020/21 Actual	2021/22 Budget	2021/22 Actual	Revised budget	Variance to revised budget	Variance commentary
<b>7.1 Waka – Transport</b>						
Expenditure	72,852	77,222	71,664	77,222	(5,558)	Favourable Roding depreciation \$2.3m, underspend of \$2.5m relating to Ngauranga to Petone cycleway contribution expensed in previous financial year.
Revenue	(13,857)	(9,880)	(13,973)	(9,880)	(4,093)	Favourable \$3.8m vested assets income not budgeted for, slightly better than budget NZTA roading subsidy income
Net Expenditure	58,995	67,342	57,691	67,342	(9,651)	
<b>7.2 Tūnga waka – Parking</b>						
Expenditure	16,316	17,835	14,749	17,910	(3,161)	Favourable due to lower enforcement activity and reduced amount of parking officers.
Revenue	(31,851)	(42,257)	(26,924)	(41,917)	14,993	Unfavourable due to the impacts of COVID-19 on parking in the City. Following the end of lockdown, the Pandemic Response Plan reduced the prices of parking in the city centre, further impacting revenue.
Net Expenditure	(15,535)	(24,423)	(12,175)	(24,007)	11,832	
<b>Transport Total</b>						
Expenditure	89,168	95,056	86,413	95,132	(8,719)	
Revenue	(45,708)	(52,137)	(40,897)	(51,797)	10,900	
Net Expenditure	43,460	42,919	45,516	43,335	2,181	

### What it cost (capital expenditure \$000)

	2020/21 Actual	2021 /22 Budget	2021 /22 Actual	Revised budget	Variance to revised budget	Variance commentary
7.1 Transport	55,848	85,573	52,031	67,489	(15,458)	Under budget in Transport by \$11m and Cycleway Planning by \$4m due in part to COVID-19 and other unplanned impacts.
7.2 Parking	408	1,191	384	2,051	(1,667)	Under budget due to difficulty in progressing static camera and metering projects
<b>Transport Total</b>	<b>56,256</b>	<b>86,764</b>	<b>52,415</b>	<b>69,540</b>	<b>(17,125)</b>	

## Transport performance

### Key Performance Indicators

Key performance indicators (KPIs) allow us to track how well we are delivering services against the targets in the 10-year and Annual plans. The following tables include KPI results and explanations where targets have been exceeded or not met. Commentary is also provided for those key performance indicators which report a narrative rather than a numbers focused result.

Key for results: Exceeded - >10% over target; Within 10% +/-10% of target; Not met - >10% below target

7. Waka   Transport						
7.1 Waka   Transport						
Performance measures	2019/20 result	2020/21 result	2021/22 result	2021/22 target	Result	Variance commentary
<b>Network condition and maintenance</b>						
Roads (%) which meet smooth roads standards*	72%	72%	72%	70%	Within 10%	
Residents (%) satisfaction with the condition of local roads in their neighbourhood	69.2%	63%	61%	75%	Not met	Total 'Good' ratings have been trending down marginally over the past four surveys, with 73% rating the condition of the roads good in

7. Waka   Transport						
7.1 Waka   Transport						
						2018. Note survey question wording changed from "how would you rate the condition of the city's roads" For more detail visit the full Residents' Monitoring survey at: <a href="https://wellington.govt.nz/rms-survey-and-results">https://wellington.govt.nz/rms-survey-and-results</a>
Structures (%) in serviceable (average) condition or better		New measure	91%	97%	Within 10%	
Customer service requests (%) relating to roads and footpaths that are responded to within timeframe (urgent within 2 hours and non-urgent within 15 days)		New measure	88%	98%	Not met	The resolution of customer service requests has been prioritised and it is expected that this indicator will meet its target in the next financial year
Footpaths (%) in average condition or better (measured against WCC condition standards)*	97%	97%	91%	96%	Within 10%	
Residents (%) satisfied with street lighting		New measure	61%	75%	Not met	This is a new measure. The result is the average of contributing data: central city - 65% and local suburbs - 56% For more detail visit the full Residents' Monitoring survey at: <a href="https://wellington.govt.nz/rms-survey-and-results">https://wellington.govt.nz/rms-survey-and-results</a>
Sealed local road network (%) that is resurfaced*	5.9%	6.7%	7.10%	9.4%	Not met	The overall work programme was impacted by -19 related staff and resource availability
Active modes promotion						
Kilometres of cyclepaths and lanes in the city (increasing)		New measure	39.5km	>38.3km (baseline as at 30 June 2021)	Within 10%	Baseline was the total kilometre value of cyclepaths and lanes as at 30 June 2021. Target going forward will be increase on last posted annual result.



7. Waka   Transport						
7.1 Waka   Transport						
Residents (%) who are satisfied with the transport network -walking	77.5%	70%	75%	75%	Within 10%	
<b>Wellington Cable Car Company Limited</b>						
Achievement of measures within Wellington Cable Car Limited's Statement of Intent		New measure 2021/22	Achieved Preliminary result	Achieved	Within 10% Preliminary result	[Preliminary result] 4 out of 5 KPIs Achieved. Quality Trip advisor/Google: met; Quality Qualmark Gold: met; Reliability/timeliness: met; Visitation Passenger trips: Not met mostly due to impacts of Covid and lockdowns; Fare revenue: met
7.1 Tūnga Waka   Parking						
Performance measures	2019/20 result	2020/21 result	2021/22 result	2021/22 target	Result	Variance commentary
<b>Availability</b>						
City parking peak occupancy (utilisation)		New measure	53%	70-80%	Not met	Peak Parking occupancy rates have remained low over the year. However, the reduction in hourly parking fees, from 21 March until 30 June (from \$3 to \$1) as part of the city's pandemic response plan, may have contributed to a 4% increase in weekend occupancy during the 4th quarter.
Residents (%) who perceive that parking enforcement is fair	38.2%	41%	36%	>50%	Not met	This year's result is a continuation of a declining trend in perceived fairness beginning in 2018. The nature of paid parking within the central business district is changing over time due to initiatives such as Parklets, Pōneke Promise and Let's Get Wellington Moving which affect availability of parking with a flow on

7. Waka   Transport						
7.1 Waka   Transport						
						impact to perceptions of enforcement fairness. For more detail visit the full Residents' Monitoring survey at: <a href="https://wellington.govt.nz/rms-survey-and-results">https://wellington.govt.nz/rms-survey-and-results</a>

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## **Spotlight on – supporting parking services during the parliament occupation**

### *The Situation*

In February 2022 prior to the parliament occupation, Parking Services were facing existing challenges which included being in the COVID-19 red light setting in preparation for Omicron, staff needing to work in bubbles, and staff illness from COVID-19.

The occupation, which was an anti-vaccine and anti-mandate protest, began at Parliament grounds on 7 February. The occupation, which was intended to be peaceful, became increasingly violent with protestors immediately blocking the streets around Parliament, causing traffic chaos.

Protestors blockaded areas around parliamentary grounds with vehicles as well as occupying the parliamentary lawn and adjacent areas in tents. The protestors and their occupation spilled over to the Victoria University Law School grounds, and private property, such as the driveways and gardens of nearby homes.

In the early days of the protest, Parking Services continued business as usual, and were aware that the protestors were not paying for parking.

### *The Action Plan*

An action plan was developed with Parking Services working together with the Police to consider and confirm available options to allow parking enforcement to proceed safely.

In addition to police assistance, Council volunteers which included back-office staff supported parking officers with their patrolling activity. Back-office staff provided support such as communications and driving vehicles, while parking officers completed enforcement actions. Community support was overwhelmingly positive with high-visibility social media content.

To ensure personal safety when ticketing protest vehicles, parking officers were escorted by the Police, Council vehicles were strategically located in case staff needed to be evacuated, a non-ticketing safety manager accompanied all teams, a dedicated communications channel was established and body-cams were worn which live-streamed back to the central communications room.

The occupation was ended with Police action and protestors dispersed across the city to Lyall Bay, Shelly Bay, Mahanga Bay, and up to the Kapiti Coast after eventually leaving entirely.

### *Moving forward*

On-going enforcement action continues to resolve overdue fines.

We are maintaining relationships and strategies with the Police and other agencies to ensure appropriate preparedness for any future events.

## Section 5: Our Council and organisation

*[Te reo heading]*

### ***In this section***

This section describes the Council's democratic and corporate governance arrangements and presents information relating to our elected members, committees, groups and business units, organisational structure and staff.

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## **Te Kaunihera o Pōneke | Our Council**

**Made up of elected members, the essence of the Council's role is to set strategic directions and priorities, and to provide governance oversight of the organisation.**

Te Kaunihera o Pōneke | Wellington City Council is made up of the Mayor and 14 Councillors, one of whom serves as Deputy Mayor.

Along with all local authorities in New Zealand, the Council is elected every three years. The Mayor is elected 'at large', meaning by all the city's residents who are eligible to vote. The Councillors are elected by voters from their respective geographical areas (wards). The Deputy Mayor is appointed by the Mayor.

The next election will be held on 8 October 2022 under the single transferable vote system (STV) and will include the introduction of a Māori ward – Te Whanganui-a-Tara Māori Ward.

### **Setting the direction**

Te Kaunihera o Pōneke | Wellington City Council as the governing body for Wellington is responsible for setting the strategic direction and priorities for the city through policy decisions and the Long-term and Annual Plan processes.

The Council appoints the Chief Executive, who is responsible for delivering the services needed to fulfil its direction.

Under the Local Government Act 2002, certain powers are reserved for the elected Council.

These powers include setting bylaws and rates, setting the city's budget and direction through long-term and annual plans, making decisions about borrowing money and buying or selling assets. Also setting up and giving powers to Council committees and subcommittees and determining how Council meetings will be run. In addition, setting a code of conduct for elected representatives, and adopting annual reports.

Subject to these powers, day-to-day management of Council services and operations is delegated to the Chief Executive, with councillors monitoring progress as a governance function.

Councillors also engage with the community on most decisions being made, ensuring people can have their say, and contribute to and influence how their city is shaped.

Altogether, the Council strives to ensure our decision-making processes are fair, transparent and robust.

### **Code of Conduct and Conflicts of interest**

The Code of Conduct for Elected Members provides guidance on the standards of behaviour that are expected from the Mayor and other Elected Members.

Both the Code of Conduct and Councillor's responsibilities to declare conflicts of interest are covered extensively as part of the induction programme after an election.

#### ***Code of Conduct Complaints***

The Code of Conduct Complaints applies to all Elected Members in their dealings with each other, the Chief Executive, all staff, the media, and the general public.

Any alleged breach by a member of the provisions of the code for which there is not a process and penalty provided elsewhere shall be reported in a timely manner to the appropriate person.

Any allegation is considered in a manner that is fair to all parties involved, including ensuring that due process is respected. This includes ensuring that the Elected Member is given an opportunity to consider and respond to the allegation.

There were no Code of Conduct Complaints considered during the 2021/22 financial year.

### ***Conflict of Interest Declarations***

At the start of the triennium, all councillors are asked to declare their interests. Follow-ups occur to ensure that Councillors comply with the provisions of the Local Authorities (Members' Interest) Act 1968, which covers financial interest, and other requirements relating to non-pecuniary conflicts of interest.

At Committee meetings, members are asked to declare any interest in relation to any items/reports on the agenda, whether pecuniary or non-pecuniary. If a Councillor declares an interest, he/she will not vote or speak to the item.

There were # conflicts of interests during the 2021/22 financial year.

## **How decisions are made**

The elected members of Wellington City Council conduct their business and make decisions at open and publicly advertised council, committee and subcommittee meetings.

The Council also has elected Community Boards that make decisions for set areas in the city, and Advisory Groups that provide advice to elected members from the perspective of their specialist areas.

### ***Committees and subcommittees***

The Mayor put in place the current structure of committee and subcommittees following the Independent Wellington City Council Governance Review in March 2021.

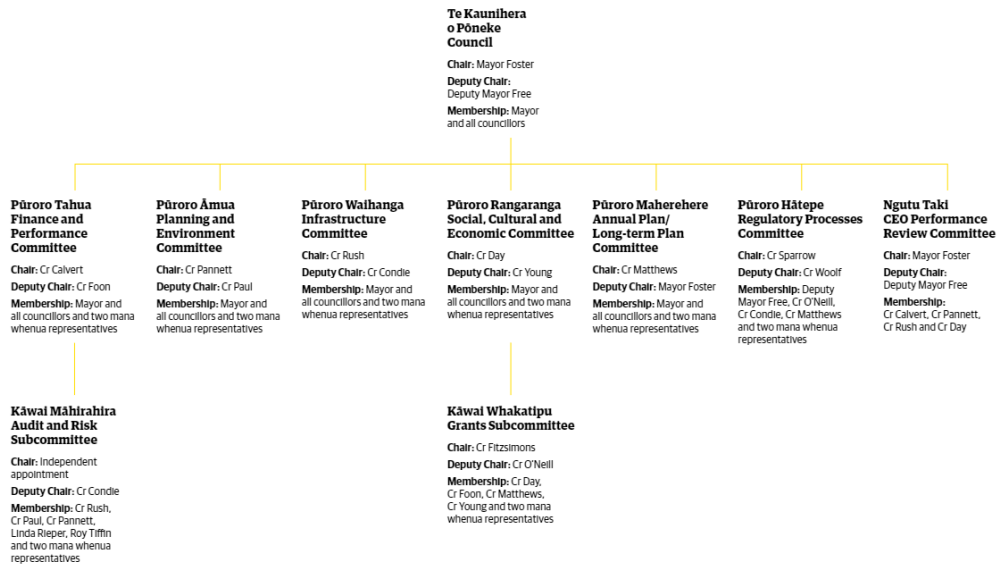
The current structure came into effect on 1 June 2021.

Council also agreed that representatives from each of our two Wellington iwi, Taranaki Whānui ki Te Upoko o Te Ika and Ngāti Toa Rangatira, could be members of most committees and subcommittees. In the 2021/22 financial year Liz Kelly was appointed by Ngāti Toa Rangatira to be their representative.



## Council committees structure

Absolutely Positively  
Wellington City Council  
Me Heke Ki Pōneke



## Councillor meeting attendance

The meeting attendance figures shown in the table below relate to Council, committees, and subcommittee meetings of which the councillor is a member.

The meeting attendance figures do not include Councillors' attendance at external meetings, including for boards of Council-controlled organisations, community boards, working parties, advisory groups and other external bodies.

Excluded from this list are committees administered by other councils: Porirua Harbour and Catchment (joint committee), Wastewater Treatment Plant and Landfill (joint committee), Regional Transport Committee, Regional Leadership Forum, and Let's Get Wellington Moving Governance Group.

For more information, see Council and Committee meetings at [www.porirua.govt.nz](http://www.porirua.govt.nz).

Elected members	Meetings held	Meetings Attended	
Mayor Andy Foster	89*	69	78%
Deputy Mayor Sarah Free	68	67	99%
Councillor Diane Calvert	79	78	99%
Councillor Jenny Condie	72	72	100%
Councillor Jill Day	66	66	100%
Councillor Fleur Fitzsimons	68	68	100%
Councillor Laurie Foon	79	77	97%
Councillor Rebecca Matthews	78	78	100%
Councillor Teri O'Neill	79	78	99%
Councillor Iona Pannett	80	80	100%
Councillor Tamatha Paul	68	66	97%
Councillor Sean Rush	59	59	100%
Councillor Malcolm Sparrow	16	16	100%

Elected members	Meetings held	Meetings Attended	
<b>Councillor Simon Woolf</b>	74	72	97%
<b>Councillor Nicola Young</b>	67	64	96%
<b>Liz Kelly (Ngāti Toa Rangatira)</b>	67	51	76%
<b>Total meetings held:</b>	<b>93</b>		

\* Mayor is ex-officio on all Council committees and subcommittees; therefore, attendance percentage is not comparable with other elected members.

## Community boards

Wellington City Council has two community boards constituted under section 49 of the Local Government Act 2002 – Tawa Community Board and Makara/Ōhāriu Community Board. Both community boards have six members elected triennially by the electors in the respective communities.

### **Tawa Community Board**

**Chair:** Robyn Parkinson

**Deputy Chair:** Jackson Lacy

**Members:** Malcolm Alexander (until October 2021), Janryll Fernandez (from November 2021), Graeme Hansen, Richard Herbert, and Anna Scott

**Council Appointed Members:** Cr Jenny Condie (from November 2021), Cr Jill Day, and Cr Malcolm Sparrow (until October 2021)

The Tawa Community Board met 10 times in 2021-22. It discussed matters affecting the community, including: an update on the proposed Three Waters Reform, the Draft District Plan, waste minimisation, roading and Tawa-specific projects such as the Linden Community Development Restoration Programme, the Kids Enhancing Tawa Ecosystems Programme and the Metlink Tawa Transport Trial.

The Board was also regularly updated on allocations of the Tawa Community Board Discretionary Fund, resource consent applications and approvals, as well as current or upcoming Council consultations and surveys affecting Tawa.

**Tawa Community Grants:** Nine grants were made totalling \$15,000.

### **Makara/Ōhāriu Community Board**

**Chair:** John Apanowicz

**Deputy Chair:** Christine Grace

**Members:** Darren Hoskins, Chris Renner, Wayne Rudd, and Hamish Todd.

The Makara/Ōhāriu Community Board met seven times in 2021-22. It discussed matters affecting the community, including: ongoing challenges with roading repairs and general maintenance in Makara and Ōhāriu, representation review, and the draft district plan.

## Advisory Groups

Forums and advisory groups help specific sectors of the community to have their say and guide us in our work.

We have six advisory groups - Accessibility Advisory Group; Environmental Reference Group; Pacific Advisory Group; Rainbow Communities Advisory Group; Safe & Sustainable Transport Forum; and Youth Council.

Advisory groups consist of members of the community with specialist knowledge in a specific area of Council responsibility. Their role is to help their communities understand Council processes, participate in the Council decision-making processes, and help the Council understand the needs of their communities and how those may be addressed.

They are not seen as representing all views on their specialist areas or communities in Wellington.

**Review of advisory groups**

Council adopted several changes to the way in which the advisory groups operate following an independent review in December 2020.

From this Council decided to establish a new advisory group – the Rainbow Communities Advisory Group, which commenced in July 2021.

The following outlines each advisory group, their membership and a brief overview of their meeting schedule and actions taken

**Accessibility Advisory Group (AAG)**

**Co-Chairs:** Rachel Noble (August 2020 – April 2022), Susan Williams (from April 2022) - and Nick Ruane

**Members:** Amy Evanson (until November 2021), Erikka Helliwell, Rosie MacLeod, Stuart Mills (until May 2022) , Solmaz Nazari Orakani, Alan Royal.

AAG met 11 times and provided feedback and advice to Council on: Diversity and Inclusion Strategy, Build Wellington, Frank Kitts Park design, Lambton Quay Bus Interchange design, Representation Review, Accessibility Charter, Let's Get Wellington Moving, Tūpiki Ora 10 Year Māori Strategy, Pōneke Promise, Te Kainga affordable housing, Te Matapihi Central Library, Economic Wellbeing Strategy, 2022 local elections, Open Spaces and Recreation review, and City Arts and Events.

**Environmental Reference Group (ERG)**

**Co-Chairs:** Lynn Cadenhead, Michelle Rush (from March 2022)

**Members:** Steven Almond, David Batchelor, Mike Britton, Arron Cox (until September 2021), Isla Day (until March 2022), Sally Faisandier, George Hobson, Clare Stringer, Chris Watson, Eleanor West (until August 2021) and Arran Whiteford.

ERG met 11 times and provided feedback and advice to Council on: the Draft District Plan, Annual Plan (specifically city housing and the Southern Landfill), Draft Economic Wellbeing Strategy, Green Network Plan, Let's Get Wellington Moving, Tūpiki Ora 10 Year Māori Strategy, Pōneke Promise and Three Waters Reform.

**Pacific Advisory Group (PAG)**

**Co-Chairs:** Anthony Carter and Natalia Fareti

**Members:** Gerron Ale, Joep Berwick Anthony, Maria Clark, Mino Cleverly, Sunia Foliaki, Kira Hundleby, Maikali Kilione, Jocelyn Kua, Lisa Pouvalu, Sandra Tisam, Tino Vaireka and Senia Bartley (joined June 2022).

PAG has specific membership requirements to ensure it represents a broad range of the Pasifika communities in Wellington: Cook Islands, Fiji, Melanesia, Micronesia, Niue, Samoa, Tokelau, Tuvalu and Tonga, with up to 17 members.

PAG met 11 times and provided feedback and advice to Council on: the Annual Plan: proposed City Housing, Tūpiki Ora, 10-year Māori Strategy and the Open Spaces and Recreational Review.

### ***Takatāpui and Rainbow Advisory Council (TRAC)***

**Co-Chairs:** Anthony Carter and Natalia Fareti

**Members:** Rākau Buchannan, Ashley Edge, Brodie Fraser, Connor McLeod, Mani Mitchell, Maggie Shippam, Sam Low, Stan Thomas, Broden Packer (until April 2022) and Yobanny Laurean (until April 2022).

TRAC met 11 times and provided feedback on: the Youth Hub, Pōneke Promise, Draft Economic Wellbeing Strategy, Tūpiki Ora 10 Year Māori Strategy, Wellington Zoo: Rainbow Journey as a CCO, Inclusion Strategy (internal), Te Matapihi Central Library and the Annual Plan.

### ***Safe & Sustainable Transport Forum (SASTF)***

**Members:** Representatives from 12 organisations and agencies interested in road safety and/or sustainable transport are invited to participate in the quarterly SASTF meetings.

These organisations include Greater Wellington Regional Council, Living Streets Wellington, Cycle Wellington, Waka Kotahi New Zealand Transport Agency, New Zealand Police, Automobile Association, Equestrian Safety, Accessibility Advisory Group, Accident Compensation Corporation, Regional Public Health, Bikers' Rights Organisation of New Zealand (BRONZ) and Wellington City Councillors.

This forum met four times during 2021-22, either online or in person.

### ***Youth Council***

**Chair:** Laura Jackson

**Deputy Chair:** Ella Flavell until March 2022, then Anastasia Reid

**Members:** Leandra Broughton, Saiah Clayton-Wade, Artemis Crawford, Raihaan Dalwai (resigned February 2022), Nīkau Edmond-Smaill, Ella Flavell, Ali Haidari, Tony Huang (resigned February 2022), Laura Jackson, Jackson Lacy, Shelly Liang (resigned February 2022), Henry Lockhart, Akira McTavish-Huriwai, Kelly Ngan (resigned February 2022), Pulupaki Pouvalu, Ekta Raturi (resigned May 2022), Anastasia Reid, John Sibanda, Joshua Taefu, and Waimarama Taiti-Bright.

Youth Council met 20 times and provided feedback and advice to Council on: Representation Review 2021, Trading and Events in Public Places Policy, Annual Plan 2022, Draft Economic Wellbeing Strategy Submission, Tūpiki Ora, Let's Get Wellington Moving, Paneke Pōneke, Drivers Licensing and the District Plan.

Youth Council also gave feedback to New Zealand Parliament on the Conversion Practices Prohibition Legislation Bill 2021.

Youth Council was particularly involved in the development of the new Youth Hub with a nominated member attending regular meetings with the working group.

Furthermore, Youth Councillors have been providing support and input on the communications and engagement plan with young people for the upcoming local election.

## **Our organisation**

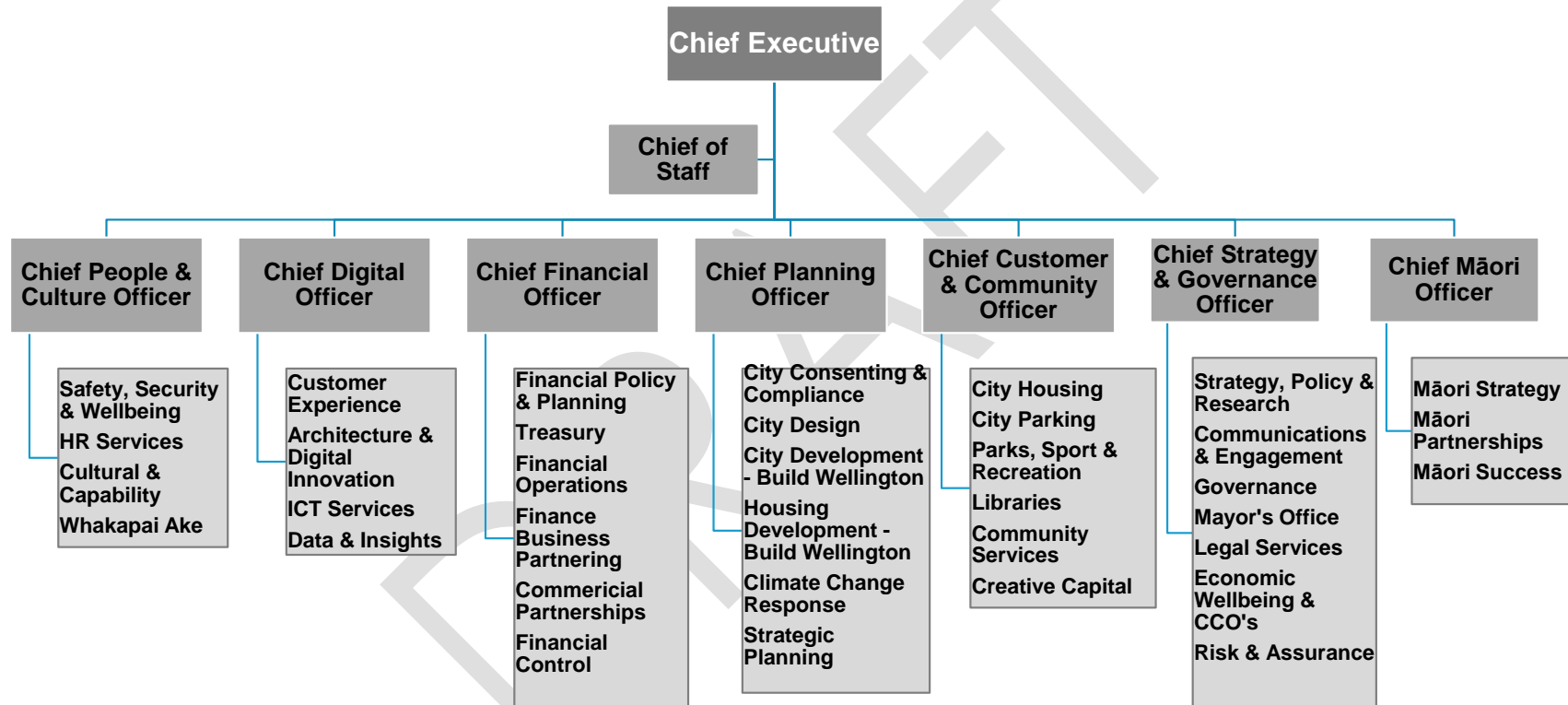
The Mayor and Councillors employ and delegate the management and delivery of Council services to the Chief Executive. The Chief Executive is the sole employee of the elected Council and is the employer of all other staff.

The Executive Leadership Team supports the Chief Executive to provide advice to the Council, manage the Council organisation and implement Council decisions. The team is made up of eight members, who lead functional Groups based on key areas of focus.

Alongside the Council organisation, the Council has established several Council-controlled organisations to help it achieve its goals for Wellington. The governance structures and purposes of those organisations are profiled here. Any related performance information is detailed in Section 4: Our performance in detail.

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## Organisation chart – Groups and business units





## **Our organisation's unifying purpose**

Our Council unifying purpose is: Kia mahi ngātahi mō Pōneke mō tōna ā āpōpō: Working together for Wellington's future.

Our Council values are:

- **He tangata, he tangata, he tangata:** We put people at the heart of what we do
  - We anticipate our customers' needs
  - We support our colleagues
  - We listen to our customers and each other
  - We act with integrity and respect
- **Whakapai ake:** We're always improving
  - We are open to new ideas and innovation
  - We encourage creativity
  - We learn from our mistakes
  - We give constructive feedback, compliment good work and reward success
- **Mahi ngātahi:** We collaborate
  - We share our skills and knowledge
  - We have confidence in our colleagues
  - We work together to get the best results
  - We are accountable for our actions and decisions
- **Mana tiaki:** We care for our places
  - We protect our environment for future generations
  - We are guardians of our city's assets
  - We nurture our communities
  - We consider the impact of what we do

## Council-controlled organisations

Alongside our seven groups and business units, Wellington City Council has seven Council-controlled organisations that undertake activities on behalf of the Council and are each governed by an independent board. Council-controlled organisations (CCOs) enable the Council to use specialist expertise to manage Council assets or deliver Council services.

The Wellington Regional Stadium Trust is not a Council-controlled organisation, however its relationship with Council is conducted in a similar manner so it is reported here in a similar fashion.

The organisations are:

- **Basin Reserve Trust** manages and promotes the Basin Reserve for recreation, leisure, and games of domestic and international cricket.
- **Karori Sanctuary Trust** trades as ZEALANDIA - TE MĀRA A TĀNE and manages ongoing conservation and restoration work at its sanctuary in Karori.
- **Wellington Cable Car Ltd** maintains and operates Wellington's iconic Cable Car.
- **Wellington Museums Trust** trades as Experience Wellington and manages educational and cultural facilities and experiences.
- **Wellington Regional Economic Development Agency Ltd (WREDA)** trades as WellingtonNZ and is the city and region's economic development organisation.
- **Wellington Regional Stadium Trust** owns, operates and maintains the Sky Stadium as a high-quality multi-purpose sporting and events venue
- **Wellington Water** manages all three water services for Hutt, Porirua, Upper Hutt and Wellington city councils, and South Wairarapa District Council.
- **Wellington Zoo Trust** manages the Wellington Zoo, provides experiences and education and supports conservation initiatives.

**FURTHER READING:** For details on the performance of each entity, please refer to **Section 4: Our performance in detail or their respective annual reports.**

The governance arrangements for each of the organisations are outlined below.

### ***Basin Reserve Trust***

The Basin Reserve Trust is responsible for the operation and management of Wellington's Basin Reserve. It is the home of Cricket Wellington and the home ground for the Wellington Blaze (women) and Wellington Firebirds (men) cricket teams. It is also a busy route for commuters on cycles, riding scooters and walking to and from the city.

The day-to-day operational activities are carried out by Cricket Wellington under a management agreement with the Trust. The Trust is comprised of four members, two elected by Wellington City Council including the chairperson and two members elected by Cricket Wellington.

The board of trustees is: Alan Isaac (Chair and Council appointee), Councillor Sean Rush (Council appointee), Mike Horsley (Cricket Wellington appointee), and John Greenwood (Cricket Wellington appointee).

### ***Karori Sanctuary Trust***

The Karori Sanctuary Trust is a not-for-profit community-led organisation and trades as ZEALANDIA - Te Māra a Tāne. It is the world's first fully fenced urban ecosanctuary, with

a 500-year vision to restore Wellington's forest and freshwater ecosystems as close as possible to their pre-human state. The 225-hectare, renowned and popular conservation project has reintroduced more than 20 species of native wildlife back into the area, and as a result of 'spill-over' beyond the fence, has significantly changed the birdlife of Wellington. The organisation also has a significant engagement, education and empowerment programme.

The governance structure for the Trust has a governing board of trustees and a separate board for the guardians of the sanctuary. The trustees are appointed by Wellington City Council with guidance from the Guardians of the Sanctuary.

The board of trustees is: Phillip Meyer (Chair), Professor David Bibby, Jo Breese, Dr Libby Harrison, Pete Monk, and Russell Spratt. The Chief Executive is Dr. Danielle Shanahan.

The Guardians provide a long-term strategic perspective on the sanctuary's evolution and have an active interest in the long-term future of the Trust. The Guardians are: Roy Sharp (Chair), Julia Bracegirdle, Latu Clark, Mayor Andy Foster, Jim Lynch QSM, Ellen Carylon, and Dr Nicola Nelson.

### ***Wellington Cable Car Company Limited***

Wellington Cable Car Company Ltd owns and operates the city's iconic funicular railway that runs between Lambton Quay and Kelburn, a hill suburb overlooking the city and harbour. The first journey was taken on 22 February 1902. The Cable Car is one of Wellington's most well visited attractions and records more than 1 million passenger journeys a year comprising of commuters, students and residents as well as the many visitors to Wellington.

Wellington Cable Car Ltd is wholly owned by the Council and directors appointed to the board are Council officers. The Chief Executive is Cesar Piotto, who joined the Cable Car Company in May 2020.

The board of directors is David Perks (Chair) and Danny McComb.

### ***Wellington Museums Trust***

The Wellington Museums Trust, which trades as Experience Wellington, operates six institutions on behalf of the Council. These are Capital E, Space Place at Carter Observatory, City Gallery Wellington, Nairn Street Cottage, the Cable Car Museum, and Wellington Museum.

In addition to operating these diverse facilities, the Trust manages the Plimmer's Ark display in Old Bank Arcade, the recovered Plimmer's Ark timbers in storage and, Wellington city's heritage collections, and provides support to the New Zealand Cricket Museum.

The board of trustees is: Jane Wrightson (Chair), Heather Galbraith, Suzanne Snively, Peter Jackson, Martin Matthews, Peter Johnson, and Councillor Laurie Foon

The Chief Executive is Sarah Rusholme.

### ***Wellington Regional Economic Development Agency Ltd***

The Wellington Regional Development Agency Ltd (trading as WellingtonNZ) supports economic performance across the region to enhance prosperity, vibrancy and liveability for the people who live and work in the region.

WellingtonNZ markets the Wellington region as a destination for visitors, migrants and investors; it helps businesses grow and innovate; it advocates for the region's economy and attracts and promotes major events and runs the Wellington City civic venues.

The board of directors is: Tracey Bridges (Chair), Matt Clarke, Jill Hatchwell, Wayne Mulligan, Jo Healey, and Kylie Archer

The Chief Executive is John Allen.

Underpinning WellingtonNZ is the Wellington Regional Strategy (WRS) and the Wellington Regional Leadership Committee which comprises of 10 members appointed by the Greater Wellington Regional Council.

These members are, one regional councillor, four members nominated by Wellington City Council, one member nominated by each of Kāpiti Coast District Council, Hutt City Council, Porirua City Council and Upper Hutt City Council, and one member nominated by the three Wairarapa district councils.

The Wellington Regional Leadership Committee implements and develops the Wellington Regional Strategy, including overseeing WellingtonNZ.

### ***Wellington Regional Stadium Trust***

The Trust owns, operates and maintains the Sky Stadium as a high-quality multi-purpose sporting venue. The stadium, opened in 2000, also hosts musical and cultural sponsored events, a variety of trade shows, plus community events. The Stadium is home to the Hurricanes and Wellington Lions rugby teams, the Wellington Phoenix men's and women's football teams, and regularly hosts the New Zealand national men's and women's teams in rugby, football and cricket.

The board of trustees is jointly appointed by the Council and Greater Wellington Regional Council. The board of trustees is: Rachel Taulelei (Chair), Tracey Bridges, Steve Tew, Philippa Harford, Owen Gibson, Nicola Crauford, Councillor Sean Rush from Wellington City Council, and Councillor Glenda Hughes from Greater Wellington Regional Council. The Chief Executive is Shane Harmon.

***The Trust is not a Council-controlled organisation, however its relationship with Council is conducted in a similar manner so it is included here in a similar fashion for this reason.***

### ***Wellington Water***

Wellington Water Limited is a council-controlled organisation owned by the Hutt, Porirua, Upper Hutt and Wellington city councils, South Wairarapa District Council and Greater Wellington Regional Council. The councils are all equal shareholders.

The role of Wellington Water is to manage the drinking water, wastewater and stormwater services of its shareholder council owners. Wellington Water's main activities include:

- managing water treatment and supply
- managing stormwater and wastewater service delivery in the Wellington region
- promoting water conservation and sustainability.

Wellington Water does not own any drinking water, stormwater, wastewater or bulk water assets. Nor does it set policies or control rates or user charges. These functions remain with the local councils and Greater Wellington Regional Council.

The board of directors is: Lynda Carroll (Chair), Kim Skelton, Mike Underhill, Leanne Southey, Nick Leggett, and Alexandra Hare.

A representative from each territorial authority sits on the Wellington Water Committee that provides overall leadership and direction for the company.

The Wellington Water Committee is: Mayor Campbell Barry (Chair) – Hutt City Council, Wayne Guppy (Deputy Chair) – Upper Hutt City Council, Alex Beijen – South Wairarapa District Council, Mayor Andy Foster – Wellington City Council, Anita Baker – Porirua City Council, Josh van Lier – Greater Wellington Regional Council, Miria Pomare – Te Rūnanga O Toa Rangatira, and Lee Rauhina-August – Taranaki Whānui ki te Upoko o te Ika. The Chief Executive is Colin Crampton.

### ***Wellington Zoo Trust***

Wellington Zoo was New Zealand's first Wellington Zoo, opening in 1906.

The Wellington Zoo Trust manages the popular and award-winning 13-hectare Wellington Zoo, home to native and exotic animals, and is recognised for expertise in animal welfare, conservation, visitor experience and sustainability.

The Zoo delivers learning sessions to thousands of children a year to grow their understanding of animals and the natural world. It also partners with conservation organisations for at-risk species from New Zealand and around the world and to advocate for animals and save wildlife and wild places. Wellington Zoo treats hundreds of native animals a year at The Nest Te Kōhanga, the Wellington Zoo's animal hospital and centre for wildlife health services and is the world's first carbon zero-certified Wellington Zoo.

The board of trustees is: Craig Ellison (Chair), Jane Diplock, Michael Potts, Benjamin Bateman, Nina Welanyk Brown, and Councillor Fleur Fitzsimons. The Chief Executive is Karen Fifield MNZM.

## **Making ourselves accountable**

We make ourselves accountable in many ways. This Annual Report is one. It explains what we did during 2021/22, how our work contributed to the city, what it cost, and whether our performance met the expectations we set ourselves. Its contents have been independently scrutinised to ensure they fairly reflect our financial performance and position, and the services we've provided.

### ***Transparency***

The Local Government Official Information and Meetings Act 1987 ensures our community can access official information, participate in meetings and influence local decision making.

All meeting agendas and reports are made public at least two days before meetings. The minutes of our meetings are made available on our website and we also live stream all of our committee and Council meetings.

We also ensure any decisions are communicated effectively to the community – through media releases, social media, web alerts, and our website. We also produce quarterly reports which are available to members of the public and media.

### ***Assurance Framework***

The Council's Assurance Framework is based on the Institute of Internal Auditors 'Three Lines Model' working together to provide confidence to our ratepayers, communities and other stakeholders that the Council is well positioned to deliver its business objectives and outcomes.

Internal control systems at the Council define clear responsibilities and accountabilities across the organisation. Regular assurance is provided that these systems and processes are working as intended. The Council's internal audit programme of work is designed to provide an overview of the effectiveness of the Council's internal control environment. The Audit and Risk Subcommittee (A&Rs) approves and oversees this work programme.

### ***Managing risks***

The Council conducts strategic risk assessments to identify the big external challenges that could prevent us from functioning and delivering well. We follow the Joint Australian/New Zealand International Standard for Risk Management, and use an evidence-based approach to determine the likelihood and severity of our risks. We assess a range of threats from resource supply shortages, of Covid-19 climate change, cyberattacks, malicious attacks and others to understand the impacts these could have. We do this so we can make informed decisions about how we manage risks and reduce potential harm to our organisation, our city, and its people.

### ***Kāwai Māhirahira | Audit and Risk Subcommittee***

Kāwai Māhirahira | Audit and Risk Subcommittee has governance oversight of risk management systems, processes, and organisational risk management capability. The subcommittee receives quarterly reports related the efficacy of risk management practices, as well as an overview of the Council's Strategic risk profile.

The subcommittee also oversees the work of the Council in discharging its responsibilities in the areas of assurance, statutory reporting, internal and external audit, monitoring of compliance with laws and regulations (including health and safety), and significant projects and programmes of work focusing on the management of risk.



The subcommittee met five times in the 2021-2022 year.

Membership of the subcommittee was: Bruce Robertson (Chair external), Councillor Jenny Condie (Deputy Chair), Mayor Andy Foster, Councillor Iona Pannett, Councillor Tamatha Paul, Councillor Sean Rush, Roy Tiffin (External), and Linda Rieper (External).

The external appointments to subcommittee are recruited based on relevant skills and experience that brings value to the subcommittee, including financial knowledge, experience in risk management and governance, and local government experience.

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## Our staff

Our people are our strength. We have many talented, hard-working staff across Council, and much to celebrate and be proud of. Through their efforts we are able to deliver on our promises to the community.

## He tangata – People

Our people continue to enjoy working for an organisation that is delivering tangible difference to the communities it serves. Even in a challenging labour market, we know this aspect of working for the Council is what keeps people engaged and motivated to stay.

We know this to be true, as our staff continue to articulate it in our annual Kōrero Mai engagement survey which has increased by 3% on last year's result, a hard-won increase in what has been a challenging year for many. In this survey, our people told us that they feel most proud of the Council's response to COVID-19, and the increasing delivery of our organisational priorities, as well as the strategic focus on engagement and partnership with mana whenua.

### Staff by group and employee class

Group	Permanent		Fixed Term		Casual	Head count	FTE
	Full-Time	Part-Time	Full-Time	Part-Time			
Chief Executive's Office	10	0	1	0	0	11	11.0
Customer and Community	453	540	34	24	44	1,095	709.3
Finance and Business	64	4	1	1	0	70	67.5
Infrastructure and Delivery	140	19	8	1	9	177	165.8
Mataaho Aronui	8	0	1	0	0	9	9.0
People and Culture	43	4	2	0	0	49	48.0
Planning and Environment	236	21	20	13	1	291	278.7
Smart Council	114	15	14	9	0	152	141.8
Strategy and Governance	97	10	5	1	0	113	108.5
<b>Total</b>	<b>1,165</b>	<b>613</b>	<b>86</b>	<b>49</b>	<b>54</b>	<b>1,967</b>	<b>1,539.7</b>

\*excludes contractors

### Staff by employee class

	# Staff	Ratio		# Staff	Ratio	
Permanent	1,778	90%		Full-Time	662	34%
Fixed Term	135	7%		Part-Time	1,251	63%
Casual	54	3%		Casual	54	3%
<b>Total</b>	<b>1,967</b>	<b>100%</b>	<b>Total</b>	<b>1,967</b>	<b>100%</b>	

\*excludes contractors

### Staff by employee type

\*excludes contractors

### Staff by employee class, gender and age

Employee class	Age Brackets	Female	Male	Gender Diverse	Unknown	Grand Total
Permanent	< 25yrs	268	155	1	0	424
	25 - 40yrs	320	311	1	0	632
	41 - 55yrs	254	188	0	1	443
	56 - 60yrs	56	72	1	0	129
	61yrs+	76	74	0	0	150
<b>Permanent Total</b>		<b>974</b>	<b>800</b>	<b>3</b>	<b>1</b>	<b>1,778</b>
Fixed Term	< 25yrs	31	11	1	0	43
	25 - 40yrs	28	23	1	0	52
	41 - 55yrs	14	8	1	0	23

Employee class	Age Brackets	Female	Male	Gender Diverse	Unknown	Grand Total
	56 - 60yrs	8	1	0	0	
	61yrs+	6	2	0	0	
<b>Fixed Term Total</b>		<b>87</b>	<b>45</b>	<b>3</b>	<b>0</b>	<b>135</b>
Casual	< 25yrs	19	12	0	0	31
	25 - 40yrs	6	3	0	0	9
	41 - 55yrs	5	2	0	0	7
	56 - 60yrs	0	1	0	0	1
	61yrs+	4	2	0	0	6
<b>Casual Total</b>		<b>34</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>54</b>
<b>Grand Total</b>		<b>1095</b>	<b>865</b>	<b>6</b>	<b>1</b>	<b>1967</b>

\*excludes contractors

**Staff by length of service, gender and age**

Gender	Length of Service	< 25yrs	25 - 40yrs	41 - 55yrs	56 - 60yrs	61yrs+	Grand Total
Female	0 - 1 yr	176	111	68	13	9	377
	1 - 2 yrs	68	57	24	3	5	157
	2 - 5 yrs	63	112	62	5	8	250
	5 - 10yrs	11	49	56	9	16	141
	10 - 15yrs	0	15	24	12	13	64
	15 - 20yrs	0	9	17	9	15	50
	20 - 25yrs	0	1	18	11	9	39
	25 - 30yrs	0	0	3	2	3	8
	30 - 35yrs	0	0	1	0	3	4
	35 - 40yrs	0	0	0	0	3	3
	40 - 45yrs	0	0	0	0	2	2
<b>Female Total</b>		<b>318</b>	<b>354</b>	<b>273</b>	<b>64</b>	<b>86</b>	<b>1,095</b>
Male	0 - 1 yr	89	104	41	12	4	250
	1 - 2 yrs	40	45	19	1	1	106
	2 - 5 yrs	37	96	42	14	9	198
	5 - 10yrs	12	72	30	17	10	141
	10 - 15yrs	0	13	25	8	12	58
	15 - 20yrs	0	4	20	8	7	39
	20 - 25yrs	0	3	11	3	12	29
	25 - 30yrs	0	0	4	4	3	11
	30 - 35yrs	0	0	3	4	9	16
	35 - 40 yrs	0	0	3	2	5	10
	40 - 45yrs	0	0	0	1	2	3
	45 - 50yrs	0	0	0	0	2	2
	50 - 55yrs	0	0	0	0	1	1
	Over 55 yrs	0	0	0	0	1	1
<b>Male Total</b>		<b>178</b>	<b>337</b>	<b>198</b>	<b>74</b>	<b>78</b>	<b>865</b>
Gender Diverse	0 - 1 yr	2	2	1	1	0	6
<b>Gender Diverse Total</b>		<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>6</b>
Unknown	0 - 1 yr	0	0	1	0	0	1
<b>Unknown Total</b>		<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Grand Total</b>		<b>498</b>	<b>693</b>	<b>473</b>	<b>139</b>	<b>164</b>	<b>1,967</b>

### **Staff attrition**

<b>Reporting Period</b>	<b>Voluntary Attrition</b>	<b>Involuntary Attrition</b>	<b>Turnover (%)</b>
1 July 2018 - 30 June 2019	20.9%	1.7%	22.6%
1 July 2019 - 30 June 2020	17.7%	1.4%	19.1%
1 July 2020 - 30 June 2021	19.0%	1.2%	20.2%
1 July 2021 - 30 June 2022	27.3%	.9%	28.2%

### **Staff awards**

We celebrated the achievements of our staff in November 2021 at our third annual staff awards ceremony. These awards have been a way we can, as an organisation, celebrate the achievements of our people and to formally acknowledge the high performers who are living our values, demonstrating strong leadership, and helping deliver real progress for our city.

The awards are peer and leader nominated under the following categories:

- **He tangata:** Recognises exceptional achievement in customer service, working with the community, or in demonstrating care and respect for others.
- **Mahi ngātahi:** Recognises excellence in collaborating with others inside and outside Council to achieve exceptional results.
- **Whakapai ake:** Recognises innovative thinking that challenges the way we do things or improves our business processes.
- **Mana tiaki:** Recognises an exceptional contribution towards making Wellington a great place to live, work and play.
- **Emerging leader:** Recognises individuals who positively influence others by demonstrating good leadership.
- **Accountable Leader:** Recognises people leaders who demonstrate exceptional leadership skills and demonstrate Working Better Together.
- **Ngā Kaha:** Recognises teams who live 'Our Values – Ngā kaha' every day.

This year we included two new award categories to support the building of a Health and Safety culture:

- **H&S Rep of the Year:** Recognises Health and Safety Reps who demonstrate a positive approach to Health and Safety and representing other works.
- **Best Health and Safety Initiative:** Recognises initiatives which have resulted in an improvement in Health, Safety or Security systems or behaviours and/or addressed or managed a specific hazard or risk or has created a design solution to address a problem.

In 2021 we received 223 nominations for the awards, which is 96 more than in 2020. The following themes featured strongly in the citations for the winning staff at the November 2021 awards ceremony.

- Advocating, listening, challenging and respecting the varied views of the community through engagement on countless projects to improve the life for the Pōneke public.
- Establishing and nurturing our relationship with mana whenua to ensure their perspective was incorporated into city plans.
- Demonstrating selfless leadership by putting staff at the heart, displaying compassion, and empowering the team.

- Highlighting H&S issues to ELT and the H&S rep group in order to create change in an authentic and positively disruptive way.
- Recognising and supporting mental health and wellbeing in the workplace through programmes and practices that positively empower the team and create a wellbeing culture.

## **Mahi Ngātahi – We Collaborate**

### ***Diversity, Inclusion and Wellbeing***

The Council is committed to building and nurturing an inclusive culture where everyone feels they belong. This year we launched our new Inclusion Strategy: Kia oke tapatahi tātou, Together we thrive. This strategy documents our aspirations to build a diverse organisation, inclusive culture and to extend aroha by caring for and nurturing our people.

The strategy goals are focused on:

- Growing the capability of our people
- Creating an inclusive workplace
- Ensuring equity in our policies, processes, services and systems
- Providing care for our internal WCC community (expanded on in the Wellbeing section)

In the short time since the strategy has been launched, we have started and delivered a number of key initiatives including:

- Completing an inclusion survey to prioritise our inclusion work programme and to develop an inclusion baseline for internal reporting.
- Supporting neurodivergent staff through ADHD coaching and running a Harnessing Neurodiversity webinar.
- Continued investment and support for employee led networks.
- Piloting an unconscious bias learning programme, to be rolled out to staff in 2022/23.
- Reviewing employee information obtained through our recruitment and available in our payroll system to ensure better collection of diversity data.
- Procuring of two development programmes to lift cultural capability: Mana Āki to support capability building in intercultural awareness and Courageous Conversations to support capability of staff to have effective and intentional conversations about race.
- Developing a calendar of cultural events and significant days to acknowledge and celebrate diversity.
- Developing a Talent Acquisition strategy that contains provision for maturing our talent attraction and selection process to ensure greater levels of diversity in our talent pipeline.

Initiatives already started and planned to be completed in 2022/23 include:

- Development and roll out of an inclusion policy.
- Establishment of an inclusion advisory group.

- Development of Rainbow inclusivity eLearning to increase understanding of the Rainbow community and to highlight the important of ensuring rainbow staff feel included.
- Redesign of our bullying and harassment policies and procedures to ensure zero tolerance for discriminatory behaviour is upheld.
- Evolving our Council wide wellbeing framework – Being Well at WCC.
- Continued work on understanding and mitigating gender and ethnic pay inequity.

### **Diversity**

In 2021/22, there were seven more females to males in Tiers 1 to 3 of the organisation and 15 more females than males in Tier 4 (two less than the previous period). Tier 1 is the Chief Executive, Tier 2 is Chief Officers, Tier 3 is Business Unit Managers and Tier 4 in general covers team leader roles.

When all 1,967 employees are considered, there are 230 or 12 percent more females than males, with females making up 56 percent of our workforce.

In relation to ethnicity, approximately half of our workforce identifies as European, however since the previous period we have increased our Asian workforce by 1.2 percent and our Pacific Peoples workforce by .8 percent.

### **Staff diversity profiles**

#### **Staff composition – gender**

Gender	Permanent	Fixed Term	Casual	Grand Total
Female	55%	64%	63%	56%
Male	45%	33%	37%	44%
Gender Diverse	0.2%	2.2%	0.0%	0.3%
Unknown	0.1%	0.0%	0.0%	0.1%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

#### **Staff by organisation level, age and gender**

Gender	Age Brackets	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6	Tier 7	Tier 8	Grand Total
Female	< 25yrs	0	2	3	15	52	241	5	318
	25 - 40yrs	2	9	36	115	136	48	8	354
	41 - 55yrs	2	16	46	86	77	40	6	273
	56 - 60yrs	0	2	10	21	17	14	0	64
	61yrs+	0	2	7	19	40	17	0	85
<b>Female total</b>		<b>4</b>	<b>31</b>	<b>102</b>	<b>256</b>	<b>322</b>	<b>360</b>	<b>19</b>	<b>1,094</b>
Male	< 25yrs	0	0	4	10	21	141	2	178
	25 - 40yrs	1	4	27	90	104	103	8	337
	41 - 55yrs	2	11	34	58	55	33	5	198
	56 - 60yrs	1	9	16	11	14	22	1	74
	61yrs+	1	0	6	26	22	22	1	78
<b>Male total</b>		<b>5</b>	<b>24</b>	<b>87</b>	<b>195</b>	<b>216</b>	<b>321</b>	<b>17</b>	<b>865</b>
Gender Diverse	< 25yrs	0	0	0	0	1	1	0	2
	25 - 40yrs	0	0	0	0	2	0	0	2



	41 - 55yrs	0	0	0	0	1	0	0	1
	56 - 60yrs	0	0	1	0	0	0	0	1
	61yrs+	0	0	1	0	4	1	0	6
Gender Diverse Total		0	0	0	0	0	1	0	1
Unknown Total	41-55yrs	0	0	0	0	0	1	0	1
<b>Total</b>		<b>9</b>	<b>55</b>	<b>190</b>	<b>451</b>	<b>542</b>	<b>683</b>	<b>36</b>	<b>1,966</b>

\* excludes CEO

### **Staff ethnicity**

<b>Ethnicity</b>	<b>Female</b>	<b>Male</b>	<b>Gender Diverse</b>	<b>Unknown</b>	<b>Grand Total</b>
Asian	95	87	1	0	183
European	615	448	5	0	1,068
Māori	61	54	0	1	116
Middle Eastern/Latin American/African	21	15	0	0	36
Pacific Peoples	41	30	0	0	71
Other Ethnicity	119	83	0	0	202
Not Recorded	143	148	0	0	291
<b>Total</b>	<b>1,095</b>	<b>865</b>	<b>6</b>	<b>1</b>	<b>1,967</b>

### **Wellbeing**

Our inclusion strategy puts wellbeing at the core of a diverse and inclusive organisation. It prioritises the building of an integrated approach to wellbeing, focusing on support, protection and promotion to ensure our people are looked after.

To support this and in response to the wellbeing challenges of living and working with COVID-19, a new holistic wellbeing framework, Being Well at WCC, was created and rolled out to staff. This framework focuses on a range of wellbeings reflected in well-established models e.g. Te Whare Tapa Wha and Te Wheke. Our Being Well at WCC framework and respective programme roll out was entered into the recent Taituarā Local Government Excellence Awards where it was highly commended.

A key part of the model has been the delivery of wellbeing interventions timed to align with COVID-19 changes and other annual processes or milestones including:

- A two-week wellbeing programme to support staff in the September 2021 lockdown.
- Webinars from a range of industry experts including psychologists, mental health experts, infectious disease specialists, and motivational speakers who have overcome personal and professional obstacles etc
- Learning resources for teams and managers to support wellbeing on a dedicated wellbeing hub.

In our annual engagement survey, we surveyed staff to understand levels of mental wellbeing, and provided a range of resources to support teams and managers to have safe and informed conversations about wellbeing alongside more formal interventions such as our Employee Assistance programme and Mirimiri and Romiromi (traditional Māori bodywork and healing).

Further work has also been undertaken to ensure that wellbeing is top of mind for leaders as they set up their annual performance, career and development plans with staff to ensure wellbeing is a key consideration in setting up the individual for success.

**Employee Assistance programme**

	2019/2020	2020/2021	2021/22	Difference
<b>Total hours used</b>	632.20	807.75	722	-85.7
<b>EAP # New Referrals</b>	166	243	183	-60
<b>EAP # Active Clients</b>	359	542	462	-80

**Kia eke panuku Māori Strategic direction within our city**

The Long-term Plan 2021-31 sets a new Māori strategic direction within our city and articulates Council’s commitment to ensuring mana whenua and Māori meaningfully participate in, contribute to, and inform Council decisions. Improved partnerships and capacity building are the cornerstones of this new strategic direction.

As part of this commitment, the role of Tātai Heke Māori, Chief Māori Officer, was established, alongside the creation of Mataaho Aronui – the Strategic Māori Outcomes Group, to enable the new Māori strategic direction, which focuses on three key priorities.

- Māori Partnerships
- Māori Strategy
- Māori Success

Within less than a year, Mataaho Aronui, has delivered on two significant initiatives – the Takei Here Mana Whenua Partnership Agreement and Tūpiki Ora Māori Strategy - co-developed with mana whenua and Māori.

**Māori capability building for Council staff**

Council is committed to increasing organisational capability in Mātauranga Māori and cultural capability in order to deliver on our new strategy and support the achievement of our LTP goals. Despite the restrictions on face-to-face learning due to COVID-19 we have continued to deliver a range of learning to support this capability uplift. In the past year we have:

- Commenced work to develop a Māori capability framework to provide capability expectations for all Council staff in Mātauranga Māori and cultural capability (due to be completed September 2022).
- Continued to offer learning and development offerings in te reo Māori and cultural capability in which:
  - 257 staff completed at least one module in Te rito – an online, self-paced learning programme on history, iwi relationships, te reo Māori and knowledge of te Ao Māori. This is 75 more than the previous year.
  - 161 staff completed at least one class in the beginner, intermediate or advanced classes in Te reo Māori
  - 104 staff have completed at least one workshop designed to build capability in pronunciation, basic phrases and to construct and confidently deliver a mihimihi and pepeha.

## Mana tiaki – caring for our environment

### **Volunteers**

One of the greatest assets of our city is our people. We are privileged to have hundreds of people willing to donate their time to ensuring the city is a better place for all. Without all the help from these wonderful people, Wellington would not look or feel the same. Our network of volunteers is essential and many of them have worked for the city in their own time for decades.

An example of the great work volunteers contribute to Wellington is from those in the Environmental sector.

### **Environmental volunteers**

We continue to expand our network of volunteers throughout the city. This year they contributed a total of 58,161 hours across our parks and open space network.

Our volunteers undertake various activities including planting, weeding, guiding people, beach and litter clean ups, pest animal control and track building.

- **Wellington Gardens:** 4,337 hours
- **Berhampore Nursery:** 72 hours
- **Community trapping:** 11,261 hours
- **Other community volunteering:** 42,491 hours

Our volunteers make a massive contribution through the work they do, both in environmental restoration and in helping us towards our goal of being a net zero carbon capital by 2050. Our commitment to them ensures we make conservation easy and meaningful by connecting people, knowledge and landscapes.

## Whakapai ake - Improving

### **Development and training**

We have continued to invest in core learning and development (L&D) initiatives for our staff.

<b>121</b> different courses offered to staff across the Council	<b>\$1.5m</b> spent on training opportunities (Business Units: \$1.04m; Culture and Capability: \$477k)	<b>\$762</b> per staff member spent on development and training
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Over the past 12 months, Culture and Capability have invested in:

- Reviewing and developing onboarding material for staff new to the Council.
- Developing an operational/customer facing leadership programme.
- Offering a core suite of Learning and Development programmes.
- Alongside current Te Reo and Tikanga learning programmes, developing a Māori capability framework and learning principles.
- Supporting business units to develop role and functional specific learning and learning pathways.
- Redesigning the delivery of learning to embrace a hybrid environment e.g., our orientation programme is now fully delivered online.

We continue to receive a good score in our Kōrero Mai staff engagement survey related to the statement 'Wellington City Council provides opportunities for me to develop my skills and competencies and actively encourages career development', which was 71 percent, up 3 percent on last year's score and 5 percent above the Local Government benchmark.

### ***Health and Safety***

Following the external health, safety, and security culture review in 2021 – the Council has progressed the four key recommendations made.

#### **Invest in a new, fit for purpose health and safety information management system**

A thorough procurement process was initiated in late 2021 to find a new system which would better fit the needs of the Council. Through this process a new application has been selected and is now being implemented, with an expected launch of early 2023.

#### **Grow the health and safety function by centralising and implementing a business partner model**

A new health, safety and security operating model was launched in early 2022 which saw additional headcount and refocused priorities for the function to better meet resource gaps identified in the audit.

#### **Lift capability of Business Unit managers, especially those with significant overlapping duties**

With additional resources, the Health, Safety and Security unit is now able to work closer with managers across the organisation to identify and close knowledge gaps – creating more efficient and better ways of working with other PCBUs (Person Conducting a Business or Undertaking) with an emphasis on where the Council has overlapping duties.

#### **Retain a centralised corporate health and safety resource with a broader strategic focus**

Along with the introduction of Business Partners to the Health, Safety and Security unit – the Council has created a Health and Safety Services team which focuses on the strategic health and safety goals of the organisation. This includes responsibilities for training, reporting and insights, strategic advice, planning and initiatives tied to maturity uplift. With the resource phase of the Health, Safety and Security transformation now complete; the focus has shifted to developing the 2023 – 2028 Health, Safety and Security Strategy.

### ***Security***

In February 2021, the Council adopted the Protective Security Requirements framework, a national Public Sector framework mandated across Central Government agencies. Wellington City Council is the first territorial/local authority to formally adopt this security framework.

This framework enables greater levels of assurance on security performance and enhanced maturity and consistency of security practices. A maturity review self-assessment against the four levels of framework indicates we are between informal (level 1) and basic (level 2). This means we have foundation policies, capabilities and practices in place, but our success relies on individuals, rather than prescribed and routinely followed processes.

To support an uplift to level 3 in the framework (Managed), the Council has convened a cross-functional Security Reference Group to coordinate security controls and appointed a

Chief Security Officer, Deputy Chief Security Officer, and a Chief Information Officer (these are additional responsibilities for existing roles within the Executive Leadership Team). In response to the formation of this group it has committed to complete the following:

- A Council-wide threat and risk assessment
- Develop a prioritised programme of work designed to mitigate identified risks and uplift protective security maturity.
- Commence and facilitate functional based workshops for functional owners and delivery leads to prioritise their projects based on identified risks, and to assess timelines and resource requirements.
- Complete the first annual report on the Protective Security Requirements for Council (due in March 2023).

Over time this will set the foundation of best practice for Council security and will set out a prescribed set of protocols that will provide the baseline of any future projects and further maturity uplifts.

### **Reporting**

We continue to report quarterly on Health, Safety and Security with the following a summary of the lead and lag indicators we report on:

*Workplace injury and incidents:*

	2019/2020	2020/2021	2021/2022	Difference
<b>Work near miss incidents</b>	1,008	900	939	+ 39
<b>Medical treatment incidents</b>	240	290	263	- 27
<b>Work related injury claims</b>	92	97	78	- 19
<b>Early interventions</b>	55	58	38	- 20

*Physical Security:*

	2019/2020	2020/2021	2021/2022	Difference
<b>Trespass notices*</b>	2	12	13	+1
<b>Bans Issued</b>	-	24	24	0
<b>Unlawful incidents reported to NZ Police</b>	85	125	121	-4

\*Trespass notices are served on members of the public that have a history of bad behaviour while attending a Council facility.

### **Capability Building**

Council remains committed to upskilling our employees to suit the building of a healthy and safe workplace and culture. Over the last 12 months we have invested in:

- 81 staff have had training to manage actual or potential aggression so they can keep themselves safe when personal confrontation is experienced (the Council's highest rated critical hazard)
- 51 new health and safety representatives were trained, double that of last year
- 33 leaders took the opportunity to increase their health, safety and security knowledge through a tailored leadership health and safety course

# Independent Auditor's Report

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# Appendices

## **Notes to non-financial reporting**

These notes explain how we measure our non-financial performance for our portfolio of activities. They provide guidance for the principles used to assess our performance; the background to our Resident's monitoring survey; use of result icons and introduction to our community wellbeing outcome trends. The detailed results and variance explanations for our Key Performance Indicators can be found in Section 4: Our performance in details from pages xx to xx

## **A: Principles for reporting results**

The following principles should be noted when considering published results.

1. Previous years' published results are updated with latest information available. For example, if data is updated by Statistics New Zealand, or other external data sources, we will overtype the previous years' results with the most accurate results available at the time of publication.
2. As per above any "per capita" results will be updated to reflect revised population estimates.
3. If there has been a change to the methodology of the measure, previously reported results will be updated to reflect that new methodology, where possible.
4. Baselines are established when we are confident that the reported data is stable enough to set a target (e.g. not influenced by extraordinary events).
5. Trends are only evident over multiple years (e.g. up-down-up is reported as no trend).
6. If data is not available at the time of publication the result is shown as no result/not reported (NR). Missing data is revisited in the next year's Annual Report, if possible.
7. Measures and targets for Council-controlled organisations are set in their annual Statement of Intent. Results published are subject to final audit and may change. Previous years' results will be updated in the next Annual Report
8. Some key performance results are reported in Section 4, with no comparison to target when no target has been set or where data is not available to be reported.
9. Variance commentaries are only included for performance exceptions: **Not Met and Exceeded**.

## **B: Residents Monitoring Survey (RMS)**

Some of the reported non-financial results (Key Performance indicators and Community Wellbeing outcome indicators) are sourced from the Resident's Monitoring Survey.

This survey is undertaken annually by Council and was conducted in February 2022. It asks a representative sample of Wellington City residents about their engagement and satisfaction with the Council's and Council-controlled organisations' provision and delivery of services and facilities. The survey also asks residents about their behaviours and overall perceptions of Wellington.

The survey is conducted in two parts. This year, the surveys were sent to around 2,700 residents (with approximately a 30% response rate for each part). The final sample size for 2022 was 809 for part one and 862 for part two, which were post-weighted to be representative by age, gender and ward. The maximum margin of error at 95% confidence level was 3.4% for part one and 3.3% for part two. This indicates that we can conclude with 95% confidence that the sample results reflect that of the population give or take 3.4% / 3.3%.

More detail on the Residents' Monitoring survey is available online at [wellington.govt.nz/rms-survey-and-results](https://wellington.govt.nz/rms-survey-and-results).

### C: Performance Indicators result icons


Icons are used to provide a visual indication of the performance measure and outcome indicator results. For Key Performance Indicators they show whether the reported result is in one of four categories:

- [X] **Not met**: greater than 10 percent below target; or
- [ü] **Within 10 percent**: between zero percent and 10 percent above or below target; or
- [!] **Exceeded**: greater than 10 percent above target; or
- [-] **NR**: Not Reported/No result: used where result against target is not reported because data is not available or not comparable to previous results/target.

We use a range of +/- 10 percent from target as this allows for fluctuations in performance across the year (e.g. seasonal changes). This is consistent with the reporting of other performance information during the year e.g. in Quarterly Reports.

### D: Community wellbeing outcome indicators

We monitor community wellbeing outcome indicators over a minimum time (3–5 years), to identify trend directions. Where indicator results display a positive trend, these will be shown with an up arrow; a negative trend with a downward arrow, and “no trend” and “not

reported” as a dash.. 

For community wellbeing outcomes we also use colours to indicate trend status: favourable ↗ (green) or unfavourable ↘ (red). Where a trend is not evident, we use a “no trend” (grey) status box.

**No trend and No result/not reported (NR)** is used for several reasons, where:

- there are not enough data points for a trend to be derived;
- data points are non-comparable (e.g. a change in methodology, low sample size, data integrity limitations, impact of an extraordinary event like survey during COVID-19);
- or recent data points are not available (e.g. for measures that rely on Census data, last conducted in 2018).




Outcome indicators that reference residents' perceptions are sourced from the annual Resident's Monitoring Survey (RMS). For supplementary survey information refer to our website at <https://wellington.govt.nz/rms-survey-and-results>.




Outcome results that are sourced from the Quality of Life Survey are released every two years. The Annual Report results will be updated each year to include that latest available data for audited prior to adoption.

## Appendix: Detailed Community Wellbeing Outcome Indicators as at June 2022



Key Trend status: positive ■, negative ■, no trend or steady ■ [results below as at 30 June will be updated for audit & adoption]

### Environmental – mix of positive and unfavourable trends


Indicator	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Trend status	2021/22	Comments
Renewable energy total capacity installed MW (Wind, Solar, Fresh water, Biomass, Liquid fuel, other) Source: Electricity Authority- Te Mana Hiko <a href="http://www.emi.ea.govt.nz">www.emi.ea.govt.nz</a>	79.2	79.8	80.3	81.3	82.3	82.6	83.7		86.2	Growth is largely due to increase in solar capacity from 1.3 to 8.52 MW over the last 7 years. The big increase in 21/22 is consistent with increased retail spend on housing and heat-pumps. 
Total city greenhouse emissions Goal: Achieve 57% reduction by 2030 Source: WCC Climate Change	The Council has set a new Science-based target for the City, of a 57% reduction by 2030 from 2020 emissions. Starting position for 2020 1,049,016 tonnes CO2e							No trend	TBA	2021 Emissions report will be released late 2022
Kilograms of waste to landfill per person Goal: Decreasing to 400kg by 2026 Source: WCC waste operations	406	411	466	500	452	461	418		387	Positive trend over last 5 years indicates previous increase may have reversed. 
Residents' perceptions that "Wellington's air pollution is a problem" Source: Quality of Life Survey <a href="http://www.qualityoflifeproject.govt.nz">www.qualityoflifeproject.govt.nz</a> survey is biennial	2014: 15%		2016: 22%		2018: 19%		2020: 26%		TBA	Level of concern has almost doubled in last 6 years. 

Indicator	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Trend status	2021/22	Comments
Residents' perceptions that "Wellington's water pollution (including pollution in streams, rivers, lakes and in the sea) is a problem" Source: Quality of Life Survey <a href="http://www.qualityoflifeproject.govt.nz">www.qualityoflifeproject.govt.nz</a> survey is biennial	2014: 45%		2016: 50%		2018: 53%		2020: 67%		TBA	Level of concern that water pollution is a problem, has been getting worse with significant increase between 2018 and 2020. There were also several media stories about stream contamination at this time. 
Open space land owned or maintained by the Council – square metres per capita Source: WCC Parks, Sport and Recreation	198.4	188.1	196.1	195.4	199.9	199.7	196.7	Steady	198.39	 Growth in open space is largely keeping pace with population growth over recent years.
Access to park or green space Source: WCC Residents Monitoring Survey			new	58%	63%	75%	81%		95%	 Those residents accessing parks has greatly increased and is likely to be a positive effect of the pandemic lockdowns recommendations, encouraging NZ to "stretch their legs".




Social – some unfavourable trends										
Indicator	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Trend status	2021/22	Comments
Youth participation in sport and recreation. 5–17-year-olds (surveyed on activity within last 7 days) Source: ActiveNZ survey <a href="https://sportnz.org.nz/resources/active-nz-changes-in-participation/">https://sportnz.org.nz/resources/active-nz-changes-in-participation/</a>	NR	NR	95.9%	95.6%	95.0%	NR	91.3%	No trend	NR	The continuous data collection during 2020 was disrupted due to the COVID-19 pandemic, creating a gap in time series data.
Housing Affordability Index (a lower index indicates improved affordability) Source: Infometrics Regional Economic Profile	4.4	5	5.7	5.7	5.6	5.8	7.5		8	
<p>Affordable housing is important for people’s well-being. For lower-income households, high housing costs relative to income are often associated with severe financial difficulty, and can leave households with insufficient income to meet other basic needs such as food, clothing, transport, medical care and education. High outgoings-to-income ratios are not as critical for higher-income earners, as there is sufficient income left for their basic needs. We track affordability of housing in Wellington City as an index which is the ratio of the average current house value to average household income.</p> <p>Results show that affordability deteriorated significantly in 2020/21. Even though the 21/22 year indicates a slight flattening, when we look at the “mortgage to income “ rates the news is also unfavourable with an increase from 35.7% to 45.1% *mortgage as a proportion of average household income that would be needed to service a 20 year mortgage on the average house value, with a 20% deposit at average 2-year fixed interest rates. Another important factor is the impact of changes to interest rates – cost to service the debt is a major consideration for households.</p>										
Healthy Housing stock - House is damp Source: Quality of Life Survey <a href="http://www.qualityoflifeproject.govt.nz">www.qualityoflifeproject.govt.nz</a> survey is biennial	2014: NR	2016: 22%	2018: 28%	2020: 26%	No trend	TBA				
Percent of residents who have confidence in Council's decision-making Source: Quality of Life Survey <a href="http://www.qualityoflifeproject.govt.nz">www.qualityoflifeproject.govt.nz</a> survey is biennial	2014: 42%	2016: 40%	2018: 46%	2020: 30%		TBA				
Local government elections voter turnout	2013: 41.1%	2016: 45.6%	2019: 40.1%	No trend	TBA	2022 Election will be entered in Oct 22				

Indicator	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Trend status	2021/22	Comments
NZ Deprivation Index Source: ehinz Environmental Health Intelligence NZ <a href="https://www.ehinz.ac.nz/indicators/population-vulnerability/socioeconomic-deprivation-profile/#new-zealand-index-of-deprivation-nzdep">https://www.ehinz.ac.nz/indicators/population-vulnerability/socioeconomic-deprivation-profile/#new-zealand-index-of-deprivation-nzdep</a>				2013: 4.09 average			2018: 3.8 average		No trend	NR More data is required to evidence a trend. The lower the index result, the less deprivation
This information on socioeconomic deprivation, uses the New Zealand Index of Deprivation (NZDep). Higher levels of socioeconomic deprivation are associated with worse health. There are also connections between socioeconomic deprivation and environmental risk. NZDep measures the level of deprivation for people in each small area. It is based on nine Census variables and is displayed as deciles. Decile 1 represents areas with the least deprived scores and Decile 10 represents areas with the most deprived scores.										
Perception of overall quality of life Source: Quality of Life Survey <a href="http://www.qualityoflifeproject.govt.nz">www.qualityoflifeproject.govt.nz</a> survey is biennial				2014: 89%	2016: 87%		2018: 88%		2020: 91%	Steady TBA 
People's sense of community with others in their neighbourhood Source: Quality of Life Survey <a href="http://www.qualityoflifeproject.govt.nz">www.qualityoflifeproject.govt.nz</a> survey is biennial				2014: 53%	2016: 58%		2018: 53%		2020: 45%	TBA  This indicator is showing a decrease in people's sense of community with others in their neighbourhood. The larger decrease in 2020 coincides with the pandemic lockdowns.

Cultural – largely unfavourable trends




Indicator	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Trend status	2021/22	Comments
Residents' perception that Wellington has a rich and diverse arts scene Source: WCC Residents Monitoring Survey	91%	92%	90%	93%	90%	87.9%	85.9%		82%	 There have been consistent falls in this measure since 2018, potentially signalling a change in









									outlook by the community, however overall, the levels of agreement remain reasonably high.
Acceptance of ethnic diversity Source: WCC Residents Monitoring Survey	NR	NR	80.0%	81.0%	82.6%	83.8%	82.2%	No trend	Note: this question has been removed from both the Residents Monitoring Survey and Quality of Life so this measure will not be reported in future [due to complaint around inappropriate question]
Quality of neighbourhood Source: Quality of Life Survey <a href="http://www.qualityoflifeproject.govt.nz">www.qualityoflifeproject.govt.nz</a> survey is biennial	2014: 89%	2016: 89%		2018: 90%		2020: 89%		Steady	TBA
People's sense of pride in the area Source: Quality of Life Survey <a href="http://www.qualityoflifeproject.govt.nz">www.qualityoflifeproject.govt.nz</a> survey is biennial	2014: 89%	2016: 82%		2018: 88%		2020: 76%			TBA  Although results have been volatile, a negative trend is becoming evident.
Residents' perceptions that heritage items contribute to the city's unique character Source: WCC Residents Monitoring Survey	92%	92%	91%	92.5%	92.0%	87.0%	80.6%		77%  See comment below
Residents' perceptions that heritage items contribute to the community's unique character Source: WCC Residents Monitoring Survey	71%	72%	71%	75.4%	75.8%	66.1%	59.1%		57%  See comment below
While the majority of residents surveyed do still agree with both of these statements, we have seen a steady decline in the level of agreement since 2019. This mirrors the drop also seen in interest in the Arts. We also asked respondents how they viewed the level of value and protection given to heritage items in Wellington and in their local communities, opinion was split for both indicators with about a third saying heritage items are given too much value and protection, about a third saying they are not given enough value and protection and a third saying they are given the right amount and value and protection.									
People's perception of city Source: Quality of Life Survey <a href="http://www.qualityoflifeproject.govt.nz">www.qualityoflifeproject.govt.nz</a> survey is biennial	2014: 92%	2016: 89%		2018: 94%		2020: 89%		No trend	TBA
An indicator on progress on te ao Māori outcomes is to be developed.	This is the first year we are reporting against this outcome, so measure is under development. Mataaho Aronui, the Strategic Māori Outcomes Group has achieved three significant initiatives this financial year - Tākai Here Mana Whenua Partnership Agreement, Tūpiki Ora Māori Strategy - co-developed with Mana Whenua and Māori and review of Te Tauihu Māori Language Policy.								

In the next financial year, there is the Tūpiki Ora Action Plan will be developed, and as part of this we be able draw together from Council and Council Controlled Organisations contribution to Māori Wellbeing and achieving the vision and outcomes of Tūpiki Ora Māori Strategy.

Economic – trends inconclusive

Indicator	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Trend status	2021/22	Comments
Projected net migration Source: Sense Partners	Population growth in the Wellington region is expected to be slower than population growth for New Zealand. Result is Wellington's projected net migration 2021-31. The total projected population increase from 216,705 to 235,008 also includes 0.6% increase from natural change (births & deaths).								0.2%	Includes 0.6% from net international and -0.4% domestic migration.
Economic diversity (HHI industry diversity) Source: Infometrics Wellington City Economic Profile	62.3	62	62.2	63.8	65	64.6	67.2		74.7	No material changes to evidence a change in trend.
The more concentrated a region or district's economic activity is within a few industries, the more vulnerable it is to adverse effects, such as those arising from climatic conditions or commodity price fluctuations. This result presents the normalised Herfindahl–Hirschman Index (HHI) which measures the level of diversification of the Wellington economy. An index of 0 represents a diversified economy with economic activity evenly spread across all industries. The higher the index, the more concentrated economic activity is on a few industries. The decline in diversity could be linked to closed borders, and impacts of pandemic lockdowns on the business sector.										
Gross Domestic Product (GDP) per capita Source: Infometrics Wellington City Economic Profile	118,487	121,626	123,810	125,374	127,506	128,666	126,166		Provisional 129,700	 GDP was increasing but slowed in 2021, provisional result for 2022 indicated return to positive trend.
Unemployment rate Source: Infometrics Wellington City Economic Profile	4.9%	5.3%	4.9%	4.3%	4.1%	3.6%	5.1%	No trend	NR	 Was showing steady drop until spike in 2021.
Youth NEET (not in education, employment or training) – as a proportion of 15 to 24-year-olds Source: Infometrics Wellington City Economic Profile	7.1%	8.0%	9.1%	7.3%	6.9%	6.6%	8.2%	No trend	NR	 Was showing steady drop until spike in 2021.

Economic – trends inconclusive										
Average annual household income Source: Infometrics Wellington City Economic Profile	116,769	117,263	120,601	129,929	141,136	146,672	149,639		157,692	 Increasing year on year with a 5.4% lift for 2022.
Number of building consents issued – measured as number of new dwellings consented Source: StatsNZ Tatautanga Aotearoa	NR	NR	869	1,136	978	1,428	1,005	No trend	937	 This is a new measure introduced in the 2021-31 LTP
Number of houses constructed – increase in housing stock - ‘units of use’ for ‘residential’ use extracted from the District Valuation Roll (DVR) Source: WCC internal report	717	785	607	480	801	691	668		1112	 This is a new indicator to track the rate of increase in housing supply over time.
Residents’ perceptions that the transport system allows easy access to the city Source: WCC Residents Monitoring Survey	66%	63%	62%	64%	37%	53%	50%		50%	 Agreement with this statement was unchanged compared to last year, however it remains at lower levels than previously seen (2018 and prior).
Residents’ perceptions of public transport services (ease of access) Source: Quality of Life Survey <a href="http://www.qualityoflifeproject.govt.nz">www.qualityoflifeproject.govt.nz</a> survey is biennial	2014: 87%		2016:85%		2018: 85%		2020: 82%	No trend	TBA	
<b>Indicator</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>Trend status</b>	<b>2021/22</b>	<b>Comments</b>
Residents’ perceptions of public transport services (affordability) Source: Quality of Life Survey <a href="http://www.qualityoflifeproject.govt.nz">www.qualityoflifeproject.govt.nz</a> survey is biennial			45%	45%	38.2%	41%	41.7%		TBA	

Economic – trends inconclusive										
Residents' perceptions of public transport services (reliability) Source: Quality of Life Survey <a href="http://www.qualityoflifeproject.govt.nz">www.qualityoflifeproject.govt.nz</a> survey is biennial		16.4%		34%		32.7%			TBA	
Means of travel to work (at least weekly use of public transport) Source: Quality of Life Survey <a href="http://www.qualityoflifeproject.govt.nz">www.qualityoflifeproject.govt.nz</a> survey is biennial	2014:	2016:		2018: 50%		2020: 42%			TBA	
Number and type of road accidents Source: Territorial Authority: Wellington City, Measure: Fatal and injury crashes	57	61	82	78	90	53	77	65	 <p>Numbers of road accidents have dropped since high four years ago.</p>	
Change from previous year in the number of road crashes resulting in fatalities and serious injury*		+4	+21	-4	+12	-37	+24	No trend	-12	
Māori economic growth (TBC contribution to GDP for Wellington City)									New indicator under development.	

\* Department of Internal Affairs mandatory measure

## Appendix: Council-controlled organisation 2021/22 Statement of Intent Performance Targets and results [TBC]

The tables below outline key non-financial KPIs included in Council Controlled Organisation's Statement of Intents and relate to the Statement of Service Provision KPIs that refer to the achievement of CCO Statement of Intent.

Note that these are measures and targets as included in the 2021/22 Statement of Intents. For full details please refer to the Annual Report of the individual Council-Controller Organisation.

### Basin Reserve Trust

Performance Measure	2021/22		
Community Event Days	3		
Cricket Event Days	55		
Other Sports Events Days	20		
Practice facility usage (Days)	100		
Functions	40		
Numbers attending events	74,150		
Cash subsidy (grant) per attendance (\$)	\$9.68		

### Karori Sanctuary Trust

Performance Measure	2021/22		
Visitation	70,000		
Members (Individuals)	15,000		
Volunteers	>500		
Percentage of Satisfied Visitors	>95%		
Education visits	9,000		
Average subsidy per visit (total WCC operating grant/all visitors)	\$13.04		
Average revenue per visit (excludes Council and Government grant)	\$27.28		
Non-Council donations/funding	\$200,000		
<b>Manawaroa. We actively restore ecosystem function to foster resilience</b>			
Number of fauna or flora species transferred into or out of the sanctuary, or 'topped up'.	1		
Percentage of the bird community that is native.	80%		
<b>Kaitiakitanga. We look after what we have alongside our many partners.</b>			
% of incursions into the mousefree area eradicated, or under active response.	100%		
Mice maintained to target level.	<10		
% pest animal incursions successfully eradicated, or under active response.	100%		

### Wellington Cable Car

Performance Measure	2021/22		
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Quality – Trip Advisor and Google ranking	Maintain a rating of 4.2 or higher for both platforms	
Quality – The service level meets established tourism standards.	Qualmark GOLD standard reached and maintained.	
Reliability/timeliness – Cable Car Service Reliability	99.0%	
Visitation – Trips	602,490	
Revenue – Revenue	\$1,838,604	

## Wellington Regional Economic Development Agency Limited

Performance Measure	2021/22	
<b>Key Headline Performance Indicators</b>		
KPI 1: Direct economic impact of WellingtonNZ's activities and interventions	\$150m	
KPI 2: Number of businesses engaged by a WellingtonNZ intervention or programme	2,000	
KPI 3: Equivalent Advertising Value (EAV) from media activity	\$25m	
KPI 4: Value of expenditure generated from events (including business, performance, and major events)	\$75m (depending on Covid alert levels and viability of events)	
The number of Wellington Region residents that attend events	500,000	
KPI 5: Stakeholder engagement	Increase	

## Wellington Museum Trust

Physical Visitation: The total number of on-site visits to institutions including general public, education and function attendees.

	2021/22		
City Gallery Wellington	150,250		
Wellington Museum	100,000		
Capital E	59,770		
Cable Car Museum	125,000		
Space Place	44,000		
Nairn Street Cottage	1,400		
Experience Wellington Total	480,420		

Virtual Visitation: The total number of unique user visits to institutional web/mobile sites.

	2021/22		
City Gallery Wellington	90,000		
Museums Wellington	100,000		
Capital E	38,000		
Experience Wellington Total	218,000		

Social Media Profile: A snapshot of Facebook friends, Instagram and Twitter followers.

	2021/22		
City Gallery Wellington	45,000		
Museums Wellington	15,120		



Capital E	10,000		
Space Place	10,910		
Experience Wellington Total	79,030		

Quality of Visit: Visitor feedback based on comfort, access, experience, knowledge gained, the friendliness of staff, the length of visit and overall enjoyment.

	2021/22		
City Gallery Wellington	88%		
Wellington Museum	90%		
Capital E	90%		
Cable Car Museum	80%		
Space Place	90%		
Nairn Street Cottage	90%		

Children & Young People Visiting for a Learning Experience: The number of students (aged 0-18 years) participating in a learning experience organised by their education provider.

	2021/22		
City Gallery Wellington	4,500		
Museums Wellington	7,000		
Capital E	23,400		
Space Place	3,500		
Experience Wellington Total	38,400		

Financial Performance: Revenue: The total amount of revenue (net of costs) generated from non-Council sources:

Trading <sup>12</sup> (\$000)	2021/22		
City Gallery Wellington	740		
Museums Wellington	536		
Capital E	138		
Space Place	490		
Sub Total	1,904		
Sub-letting, Interest and Other	30		
Experience Wellington Total	1,934		
Fundraising (\$000)	2021/22		
City Gallery Wellington	560		
Museums Wellington	116		
Capital E	623		
Space Place	78		
Trust Office	520		
Experience Wellington Total	1,897		

Spend per Visitor: Visitor related revenue.

Spend per visitor	2021/22		
City Gallery Wellington	4.93		
Museums Wellington	2.37		
Capital E	2.31		
Space Place	11.14		
Experience Wellington Total	3.96		

Council's Subsidy per Visit

<sup>12</sup> Trading includes admissions, retail, venue hire, sub-letting, and interest. Fundraising includes donations, sponsorships, other grants and cultural grants (CNZ and MoE for LEOTC). Retail sales and venue hire are significantly reduced in line with forecast visitation

<b>Subsidy per visit (\$)</b>	<b>2021/22</b>		
City Gallery Wellington	17.64		
Museums Wellington	10.15		
Capital E	32.52		
Space Place	8.85		
Experience Wellington Total	18.30		

## Wellington Zoo

<b>Performance Measure</b>	<b>2021/22</b>		
<b>WCC Performance Measures</b>			
Visitors	255,936		
Student and education visits	20,000		
Council operating grant per visitor	\$14.05		
Trading Revenue per visit (exc. grants and interest)	\$17.83		
Non-Council donations and funding	\$387k		
Percentage of operating costs generated by the Trust	59%		
Trust generated income as percentage of the Council grant	146%		

## Wellington Regional Stadium Trust

The key performance indicators agreed with the Wellington City Council and Greater Wellington Regional Council are below, targets for which are included within the Trusts Financial Statements within their Statement of Intent.

- Revenue – total, and event
- Net surplus (deficit)
- Net cash flow
- Liquidity ratio
- Bank borrowing to total assets
- Capital expenditure

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**2021/2022  
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Council and Group**

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## Statement of Compliance and Responsibility

### Reporting entity

Wellington City Council is a territorial local authority governed by the Local Government Act 2002.

The primary purpose of the Council and Group is to provide goods or services for community or social benefits rather than making a financial return. As a defined public entity under the Public Audit Act 2001, the Council is audited by the Office of the Auditor General and is classed as a Public Sector Public Benefit Entity for financial reporting purposes.

The reported Council figures includes the results and operations of Wellington City Council and the Council's interests as disclosed in Note 36: Joint operations (pg XX).

The reported Group figures includes the Council (as defined above), its controlled entities as disclosed in Note 20 (pg XX) and the Council's equity accounted interest in the associates and a joint venture as disclosed in Note 21 (pg XX). A structural diagram of the Council and Group is included on the following page.

### Compliance

The Council and management of Wellington City Council confirm that all the statutory requirements in relation to the Annual Report, as outlined in Schedule 10 of the Local Government Act 2002, including the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP) have been complied with.

The financial statements have been prepared to comply with Public Sector Public Benefit Entity Accounting Standards (PBE accounting standards) for a Tier 1 entity<sup>1</sup> and were authorised for issue by the Council on 15 December 2022

### Responsibility

The Council and management accept responsibility for the preparation of the annual financial statements and judgements used in them. They also accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management, the Annual Report for the year ended 30 June 2022 fairly reflect the financial position, results of operations and service performance achievements of Wellington City Council and Group.

**Mayor**

15 December 2022

**Barbara McKerrow  
Chief Executive**

15 December 2022

**Sara Hay  
Chief Financial Officer**

15 December 2022

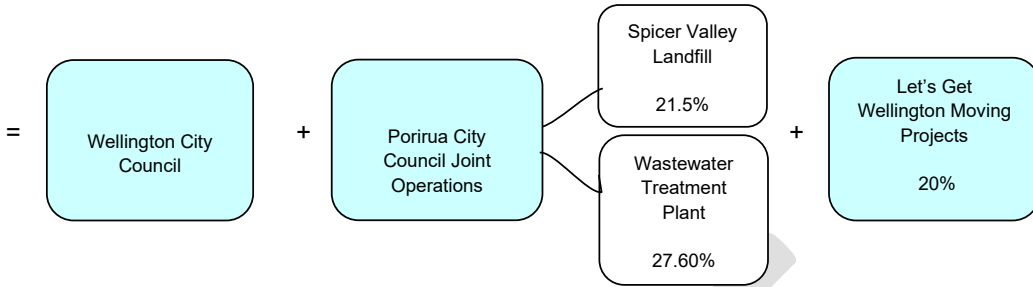
<sup>1</sup> A Tier 1 entity is defined as being either, publicly accountable or large (ie. expenses over \$30m). Council exceeds the expenses threshold.

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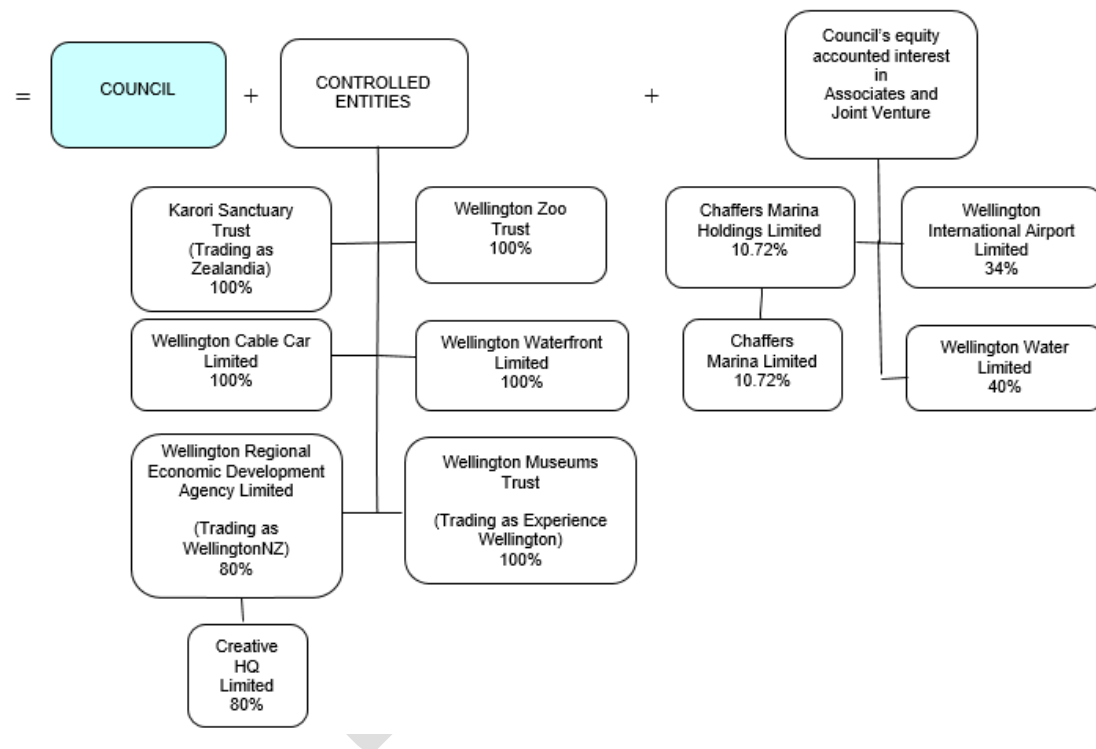
## Council and Group Structure

Figure 1: Reporting entity structures

### Wellington City Council Reporting Entity (Council)



### Wellington City Council Group Reporting Entity (Group)



All entities included within the Group are domiciled and operate in the Wellington region, New Zealand.

The percentages in the figures above, represent the Council's interest and/or ownership (for accounting purposes) in each of the entities in the Group. Refer to Notes 20, 21 and 36 (pg XX and xx) for more information.

## Basis of Consolidation

### Joint arrangements

Joint arrangements are arrangements where two or more parties have joint control. The accounting treatment can vary according to the structure of the arrangement. There are two types of joint arrangements, either a joint operation or a joint venture.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the agreed sharing of control of an arrangement by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

In the Council financial statements, the investments in joint ventures are carried at cost. In the Group financial statements, the Council's share of the assets, liabilities, revenue and expenditure of joint ventures is included on an equity accounting basis as a single line.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. For a joint operation the Council has a liability in respect of its share of joint ventures' operational deficits and liabilities and shares in any operational surpluses and assets.

The Council's proportionate interest in the assets, liabilities, revenue and expenditure of joint operations is included in the financial statements of the Council and Group on a line-by-line basis.

### Controlled entities

Controlled entities are entities that are controlled by the Council. Control exists where the Council is exposed, or has rights, to variable benefits (either financial or non-financial) and has the ability to affect the nature and amount of those benefits from its power over the entity. Power can exist over an entity if, by virtue of its purpose and design, the relevant activities and the way in which the relevant activities of the entity can be directed has been predetermined by the Council.

In the Council financial statements, the investment in controlled entities is carried at cost. In the Group financial statements, controlled entities are accounted for using the purchase method where assets, liabilities, revenue and expenditure are added on a line-by-line basis. Where a non-controlling interest is held by another party in a Council controlled entity, the controlled entity is consolidated as if it was fully controlled and the share of any surplus or deficit attributable to the non-controlling interest is disclosed within the Statement of Comprehensive Revenue and Expense.

All significant transactions between Group entities, other than rates, are eliminated on consolidation. Rates are charged on an arm's length basis and are not eliminated to ensure that reported costs and revenues are consistent with the Council's Annual Plan.

### Associates

Associates are entities where the Council has significant influence over their operating and financial policies, but they are not controlled entities or joint ventures. In the Council financial statements, the investments in associates are carried at cost. In the Group financial statements, the Council's share of the assets, liabilities, revenue and expenditure of associates is included on an equity accounting basis as a single line.

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## Council Controlled Organisations

The Council has established several Council Controlled Organisations (CCO's) and Council Controlled Trading Organisations (CCTO's) to help it achieve its goals for Wellington. These organisations were set up to independently manage Council facilities or deliver specific services and developments on behalf of Wellington residents. The performance of each CCO is reported on in Volume 1 of the report in Section 2: Our performance in detail on pg. XX to pg XX. Council has made appointments to other organisations, which make them Council Organisations (as defined in the Local Government Act 2002), but they are not Council controlled or part of the Group.

## Other Significant Accounting Policies

The following accounting policies are additional to the disclosures and accounting policies that are included within the relevant specific Notes forming part of the financial statements.

### Basis of preparation

#### **Measurement base**

The measurement basis applied is historical cost, modified by the revaluation of certain assets and liabilities as identified in the accounting policies. The accrual basis of accounting has been used unless otherwise stated.

For the assets and liabilities recorded at fair value, fair value is defined as the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's-length transaction. For investment property, non-current assets classified as held for sale and items of property, plant and equipment which are revalued, the fair value is determined by reference to market value. The market value of a property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction.

Amounts expected to be recovered or settled more than one year after the end of the reporting period are recognised at their present value. The present value of the estimated future cash flows is calculated using applicable inflation factors and a discount rate.

The financial statements are presented in New Zealand dollars, rounded to the nearest thousand (\$000), unless otherwise stated.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

#### **Exchange and non-exchange transactions**

##### **Revenue from exchange transactions**

Revenue from exchange transactions arises where the Council provides goods or services to another entity or individual and directly receives approximately equal value in a willing arm's length transaction (primarily in the form of cash in exchange).

##### **Revenue from non-exchange transactions**

Revenue from non-exchange transactions arises from transactions that are not exchange transactions. Revenue from non-exchange transaction arises when the Council receives value from another party without giving approximately equal value directly in exchange for the value received.

An inflow of resources from a non-exchange transaction recognised as an asset, is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

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As Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction

**Approximately equal value**

Approximately equal value is considered to reflect a fair or market value, which is normally considered as an arm's length commercial transaction between a willing buyer and willing seller. Some goods or services that Council provides (eg. the sale of goods at market rates) are defined as being exchange transactions. Only a few services provided by Council operate on a full user pays (eg. Parking), cost recovery or breakeven basis and these are considered to be exchange transactions unless they are provided at less than active and open market prices.

Most of the services that Council provides, for a fee, are subsidised by rates (eg. The cost to swim in a Council pool) and therefore do not constitute an approximately equal exchange. Accordingly, most of Council's revenue is categorised as non-exchange.

**Change of accounting policies**

During the year the accounting policy in relation to the recognition of Zoo animals was changed from holding them at an estimated replacement cost, to not being recognised at all. This reflects customary practice that Zoo animals are generally not recorded due to the difficulty of assigning a value.

**Changes to PBE accounting standards**

The following new accounting standards have been issued with mandatory effect for the accounting period.

- *PBE IPSAS 39 Employee benefits*, primarily relates to changes in Defined Benefit plans, which are not relevant to Council. There is no financial impact to these financial statements.
- *PBE IPSAS 40 PBE Combinations*, primarily relates to amalgamations or acquisitions, which may be relevant in the future, but have no impact on these financial statements.

**Significant standards, amendments and interpretations issued but not yet effective and not early adopted**

Significant standards, amendments and interpretations issued but not yet effective and not early adopted which are relevant to the Group are:

- In January 2017, the XRB also issued *PBE IFRS 9 Financial Instruments* to replace *PBE IPSAS 29 Financial Instruments: Recognition and Measurement*. With an effective date for annual periods beginning on or after 1 January 2021, but with early adoption permitted, the intention is not to adopt at this stage while the effects on Council and the Group are more thoroughly assessed. The main changes under *PBE IFRS 9* are:
  - New financial asset classifications requirements for determining whether an asset is measured at fair value or amortised cost.
  - A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.
  - Revised hedge accounting requirements to better reflect the management of risks.
- In March 2019, the XRB issued *PBE IPSAS 41 Financial Instruments*, with an effective date for reporting periods after 1 January 2022. This new standard supersedes most of *PBE IPSAS 29 Financial Instruments: Recognition and Measurement*. *PBE IPSAS 41* also supersedes *PBE IFRS 9 Financial Instruments* above.
- In November 2019, the XRB issued *PBE FRS 48 Service Performance Reporting*, for periods beginning on or after 1 January 2021. The objective of this Standard is to establish principles and requirements for an entity to present service performance information that is useful for accountability and decision-making purposes in a general-purpose financial report. An



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amendment in 2020 has extended the effective date to periods beginning on or after 1 January 2022. There will be no financial impact from the eventual adoption of this standard.

The Council and Group have assessed the effects of the new PBE IPSAS 41 *Financial Instruments* as follows:

**Transition to PBE IPSAS 41 – Financial Instruments**

A new accounting standard, PBE IPSAS 41 *Financial Instruments*, is applicable for this LTP amendment 2022-32 and supersedes the former PBE IPSAS 29 *Financial instruments: Recognition and Measurement*.

The main differences between PBE IPSAS 29 and PBE IPSAS 41 relate to the classification of financial assets and liabilities, impairment and hedge accounting. The Council does not consider that the financial information will be materially different under this new standard.

*Classification of financial assets and liabilities*

The Council has completed a detailed assessment of its financial assets and financial liabilities as at 1 July 2022, the date of transition to this new standard. The following table shows the original classification under PBE IPSAS 29 and the new classification under PBE IPSAS 41:

Financial asset / liability	Measurement category		Value at 1 July 2022	
	Current treatment under PBE IPSAS 29	New treatment under PBE IPSAS 41	Original measurement under PBE IPSAS 29	New measurement under PBE IPSAS 41
<b>Financial assets</b>				
Cash and cash equivalents	Amortised cost	Amortised cost	84,349	84,349
Bank deposits < 3 months	Amortised cost	Amortised cost	61,500	61,500
Bank deposits > 3 months	Amortised cost	Amortised cost	0	0
LGFA borrower notes	Amortised cost	Amortised cost	14,902	14,902
Loans to related parties	Amortised cost	Amortised cost	892	892
Equity investment – civic financial services	FVTOCRE	FVTOCRE	507	507
Equity investment – LGFA	FVTOCRE	FVTOCRE	7,865	7,865
Trade receivables and recoverables	Amortised cost	Amortised cost	34,056	34,056
Accrued revenue	Amortised cost	Amortised cost	14,065	14,065
Sundry receivables	Amortised cost	Amortised cost	12,935	12,935
Other financial assets	Amortised cost	Amortised cost	7,821	7,821
<b>Total financial assets</b>			<b>238,892</b>	<b>238,892</b>
<b>Financial liabilities</b>				
Borrowings	Amortised cost	Amortised cost	908,652	908,652
Trade payables and accruals	Amortised cost	Amortised cost	72,108	72,108
Interest payable	Amortised cost	Amortised cost	0	0
Sundry payables	Amortised cost	Amortised cost	0	0
GWRC rates	Amortised cost	Amortised cost	6,693	6,693
Other	Amortised cost	Amortised cost	4,194	4,194
Interest rate swaps – cash flow hedges	FVTOCRE	FVTOCRE	54,843	54,843
<b>Total financial liabilities</b>			<b>1,046,490</b>	<b>1,046,490</b>

*Impairment*

PBE IPSAS 41 prescribes an expected credit loss model instead of the previous incurred loss model meaning that it is no longer necessary to have an impairment trigger event before recognising impairment losses. The required change in impairment model is immaterial to the Council as impairments are not usually significant when considering prospective financial statements.

*Hedge accounting*

PBE IPSAS 41 introduces a hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. There is no change for the Council when applying this new model as all of our swaps are currently hedged therefore hedging requirements under PBE IPSAS 41 can be continued as they were under PBE IPSAS 29.

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***Judgements and estimations***

The preparation of financial statements using PBE accounting standards requires the use of judgements, estimates and assumptions. Where material, information on the main assumptions is provided in the relevant accounting policy or in the relevant note.

The estimates and assumptions are based on historical experience as well as other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis and adjustments are made where necessary.

Judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes. Significant judgements and estimations include landfill post-closure costs, asset revaluations, impairments, certain fair value calculations and provisions.

***Goods and Services Tax (GST)***

All items in the financial statements are exclusive of GST, with the exception of receivables, recoverables and payables, which are stated as GST inclusive. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

***Budget figures***

The Annual Plan budget figures included in these financial statements are for the Council as a separate entity. The Annual Plan figures do not include budget information relating to controlled entities or associates. These figures are those approved by the Council at the beginning of each financial year following a period of consultation with the public as part of the Annual Plan process. These figures do not include any additional expenditure subsequently approved by the Council outside the Annual Plan process. The Annual Plan figures have been prepared in accordance with GAAP and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements.

***Comparatives***

To ensure consistency with the current year, certain comparative information has been reclassified where appropriate. This has occurred:

- where classifications have changed between periods
- where the Council has made additional disclosure in the current year, and where a greater degree of disaggregation of prior year amounts and balances is therefore required; and
- where there has been a change of accounting policy.

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## COVID-19 Financial impact

An assessment of the main impacts of COVID-19 on the Council's financial statements for the year ending 30 June 2022 is outlined in *Table 1* below with reference to the relevant Note to the financial statements where the impact is included.

**Table 1: COVID-19 Financial impact Assessment**

Item	Financial impact - 2022	2022 \$000	2021 \$000	2020 \$000	Total \$000	2022 Note
<b>Revenue</b>						
Revenue	Lost revenue for facilities being unable to operate, revenue forgone (eg. Parking, Rent) and general uncertainty (eg. Event planning), particularly operations of the Wellington Venues facilities.	12,527	5,592	13,577	31,696	2
Revenue	Wellington International Airport Limited - approximate dividend not declared for distribution, although already excluded from the Annual Plan for 2020/21 and LTP 2021-31	14,000	14,000	-	28,000	3
Rates postponement	Deferral of certain Quarter 4 commercial rates for 2021/22, Quarter 1 rates instalment payments for 2020/21 and Quarter 4 instalment for 2019/20.	154	1,908	2,182	4,244	1
<b>Total Revenue Lost</b>		<b>26,681</b>				
<b>Expenditure</b>						
Expenditure	Net increase / (reduction) in costs, particularly extra security costs - \$1.048m, but reduced costs of \$1.060m relating to events not held. (see separate grant costs)	513	(3,140)	(257)	(2,884)	7
Protest relief payments to affected businesses	Business recovery fund	804	-	-	804	7
CCO support grants	Budgeted additional grant funding to Council controlled entities (unbudgeted in 2020) Wellington Cable Car Limited (\$977), Wellington Museums Trust (\$469), Wellington Zoo Trust (\$509) for COVID-19 relief	1,955	2,318	504	4,777	34
CCO support	Budgeted additional grant funding to Wellington Regional Stadium Trust for COVID-19 relief	1,500	-	-	1,500	34
CCO support	Drawdown on the joint loan facility agreed between Council and Greater Wellington Regional Council for the Wellington Regional Stadium Trust	1,200	900	-	2,100	34

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Item	Financial impact - 2022	2022 \$000	2021 \$000	2020 \$000	Total \$000	2022 Note
Other entity support	Funding agreement with WOW to provide access to financial relief in the event of a Government announced COVID-19 lockdown up to a maximum of \$5.000m	3,622	-	-	3,622	34
City Recovery fund	Utilisation of the of City Recovery Fund (CRF)	-	2,940	-	2,940	30
<b>Total extra Expenditure incurred</b>		<b>9,594</b>				
<b>Other</b>						
CCO support	Provision of shareholder support to Wellington International Airport Limited if required, expired at 30 June 2022. No actual financial impact was incurred.	25,758	25,758	25,758	-	34
Revaluations	Valuation reports for investment property, operational or infrastructure assets contain statements around the heightened uncertainty relating to COVID-19	N/A	N/A	N/A	-	19 & 28
Payment terms	Reduction in payment timeframes from 20 to 5 working days maintained	N/A	N/A	N/A	-	-

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## Statement of Comprehensive Revenue and Expense

Table 2: Statement of Comprehensive Revenue and Expense For the year ended 30 June 2022		Council			Group	
		Actual 2022 \$000	Budget 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
	Note					
<b>Revenue</b>						
Rates	1	388,176	392,812	341,914	388,176	341,914
Revenue from operating activities						
Development contributions	2	3,743	3,500	3,689	3,743	3,689
Grants, subsidies and reimbursements	2	53,636	49,667	41,472	62,604	54,006
Other operating activities	2	143,958	154,615	141,916	159,291	156,461
Investments revenue	3	11,109	10,503	11,065	11,109	11,065
Vested assets and other revenue	4	85,530	1,100	13,053	85,768	13,470
Fair value movements - gains	5	20,645	10,386	20,501	20,645	20,501
Finance revenue	6	2,991	13	2,114	3,166	2,228
<b>Total revenue</b>		<b>709,788</b>	<b>622,596</b>	<b>575,724</b>	<b>734,502</b>	<b>603,334</b>
<b>Expense</b>						
Fair value movements - losses	5	(35)	-	(52)	(40)	(53)
Finance expense	6	(29,296)	(23,323)	(25,490)	(29,305)	(25,509)
Expenditure on operating activities	7	(446,534)	(436,870)	(406,090)	(471,190)	(430,787)
Depreciation and amortisation expense	8	(146,488)	(146,736)	(136,635)	(147,615)	(138,325)
<b>Total expense</b>		<b>(622,353)</b>	<b>(606,929)</b>	<b>(568,267)</b>	<b>(648,150)</b>	<b>(594,674)</b>
<b>Operating surplus/ (deficit) before insurance proceeds</b>		<b>87,435</b>	<b>15,667</b>	<b>7,457</b>	<b>86,352</b>	<b>8,660</b>
Share of equity accounted surplus/(deficit) from associates and joint venture	9	-	-	-	2,213	(3,891)
Net surplus/(deficit) before taxation		87,435	15,667	7,457	88,565	4,769
Income tax credit/(expense)	10	-	-	-	56	(482)
<b>NET SURPLUS/(DEFICIT) for the year</b>		<b>87,435</b>	<b>15,667</b>	<b>7,457</b>	<b>88,621</b>	<b>4,287</b>
<b>Net surplus/(deficit) attributable to:</b>						
Wellington City Council and Group		87,435	15,667	7,457	88,699	4,136
Non-controlling interest		-	-	-	(78)	151
		<b>87,435</b>	<b>15,667</b>	<b>7,457</b>	<b>88,621</b>	<b>4,287</b>

The notes on pg XX to XX form part of and should be read in conjunction with the financial statements

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Table 2: Statement of Comprehensive Revenue and Expense - continued	Refer	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2022	2022	2021	2022	2021
		\$000	\$000	\$000	\$000	\$000
<b>Net surplus/(deficit) for the year</b>		87,435	15,667	7,457	88,621	4,287
<b>Other comprehensive revenue and expense <sup>1</sup></b>						
<i>Items that will be reclassified to surplus/(deficit)</i>						
<b>Cash flow hedges:</b>						
Fair value movement - net	SCIE <sup>2</sup>	104,646	-	60,019	105,813	59,446
<b>Fair value through other comprehensive revenue and expense</b>						
Fair value movement - net	SCIE	825	-	944	1,327	556
<i>Items that will not be reclassified to surplus/(deficit)</i>						
<b>Revaluations:</b>						
Fair value movement - property, plant and equipment - net	SCIE	1,854,026	-	284,092	1,854,026	284,092
<b>Share of other comprehensive revenue and expense of associates and joint venture</b>						
Fair value movement - property, plant and equipment - net	SCIE	-	-	-	21,535	26,359
<b>Total other comprehensive revenue and expense</b>		<b>1,959,497</b>	<b>-</b>	<b>345,055</b>	<b>1,982,701</b>	<b>370,453</b>
<b>TOTAL COMPREHENSIVE REVENUE and EXPENSE for the year</b>		<b>2,046,932</b>	<b>15,667</b>	<b>352,512</b>	<b>2,071,322</b>	<b>374,740</b>
<b>Total comprehensive revenue and expense attributable to:</b>						
Wellington City Council and Group		2,046,932	15,667	352,512	2,071,400	374,589
Non-controlling interest		-	-	-	(78)	151
		<b>2,046,932</b>	<b>15,667</b>	<b>352,512</b>	<b>2,071,322</b>	<b>374,740</b>

1. Other comprehensive revenue or expense is non-cash in nature and only reflects changes in equity.
2. Statement of Changes in Equity – see pg XX

The notes on pg XX to XX form part of and should be read in conjunction with the financial statements



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## Statement of Comprehensive Revenue and Expense - Major budget variations

### **Significant variations from budgeted revenues and expenses are as follows:**

Revenues were \$87.192m higher than budgeted with major variances included of:

- \$4.636m lower rates against a non-adjusted \$5.000m budget reduction in water rates.
- \$6.445m lower revenue from operating activities, with \$3.969m higher grants, offset by lower other operating activities revenue of \$10.657m. Grants, subsidies and reimbursements are higher than budget due to the Government stimulus funding recognised in relation to the Three Waters reform of \$15.472m. This is offset by lower than budgeted grants and reimbursements from Waka Kotahi due to the underspend in the Capital Programme. Other operating revenue is lower than budget due to less parking revenue due to the impact of Covid-19 and the resulting lockdown. See Note 2 for further information.
- \$84.4m higher Vested assets and other revenue due to recognition of \$72.396m of wastewater lateral connections as Council assets following a decision agreed through Long-term Plan 2021-31 – that the Council take ownership of, and be responsible for, maintaining and renewing wastewater laterals in public road in Wellington City. Previously, these laterals were considered as being the responsibility of building owners. We also recognised Vested asset revenue for Land of \$3.610m and Roothing of \$3.864m. We do not budget for Vested asset revenue. See Note 4 for further information.
- \$10.259 higher fair value movements due to higher-than-expected investment property revaluations.
- \$2.978m higher interest revenue.
- 

Expenses were \$15.424m higher than budgeted with major variances included of:

- \$5.973 higher Finance expense due to higher-than-expected interest rates.
- \$9.664m higher expenditure on operating activities due to higher utility costs and the utilisation of the unbudgeted \$15.472m of the Government stimulus funding package for the Three Waters reform.

Net finance expense was \$2.995m higher than budgeted reflecting higher interest rates.

Other comprehensive revenue and expense was \$1,959.497m higher than budgeted with major variances included of:

- \$1,854.206m increase in the revaluation of Infrastructure assets which were scheduled for revaluation on 30 June 2023 and therefore not budgeted for in 2021/22. Significant increases in costs related to infrastructure asset replacement resulting in a significant variance between estimated fair value and the carrying value on the balance sheet triggering an off-cycle revaluation.
- \$104.646m of unbudgeted positive fair value movements in cash flow hedges due to higher swap interest rates in comparison to swap rates held.
- \$0.825m of unbudgeted increase in the fair value of equity investments, primarily Council's shareholding in the Local Government Funding Agency (LGFA).

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## Note 1: Rates revenue

Table 3: Rates revenue	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
General rates	226,129	193,878	226,129	193,878
Targeted rates	146,622	128,783	146,622	128,783
Metered water supply	15,026	18,044	15,026	18,044
Penalties and adjustments	399	1,209	399	1,209
<b>TOTAL RATES REVENUE</b>	<b>388,176</b>	<b>341,914</b>	<b>388,176</b>	<b>341,914</b>

The total amount of rates charged on Council owned properties that have not been eliminated from revenue and expenditure is \$16.342m (2021: \$14.926m). For the Group, rates of \$16.424m (2021: \$15.009m) have not been eliminated.

The revenue from rates for Wellington City Council was billed on the following rating information held at the end of the year immediately prior to the new rating year.

Table 4: Rates revenue billing basis	As at 30 June 2021	As at 30 June 2020
Number of rating units	81,030	79,811
Total capital value of rating units	\$80,608.516m	\$79,212.775m
Total land value of rating units	\$41,041.846m	\$40,577.366m

The property revaluations that occurred in September 2021 will apply for the rates billed for the 2022/23 year.

### Rates remissions

Revenue from rates is shown net of rates remissions. The Council's Rates Remission and Postponement Policies provide for general rates to be partially remitted for rural open space; land used principally for games or sport and in special circumstances (where the rating policy is deemed to unfairly disadvantage an individual ratepayer). A remission of the Downtown targeted rate may also be granted to provide rates relief for downtown commercial property temporarily not fit for the purpose due to the property undergoing development and therefore not receiving the benefits derived by contributing to the Downtown targeted rate. The Council committed itself at the start of the year to certain remissions, which for the reporting period ended 30 June 2022 totalled \$1.320m (2021: \$1.246m).

### Non-rateable land

Under the Local Government (Rating) Act 2002 certain properties are non-rateable. This includes schools, churches, public gardens and certain land vested in the Crown. This land is non-rateable in respect of general rates but, where applicable, is rateable in respect of sewerage and water. Non-rateable land does not constitute a remission under the Council's Rates Remission and Postponement Policies.

### Covid 19

On 24 February 2022, Council approved a \$2.300m pandemic response plan including fourth quarter rates deferral for hospitality and retail businesses, who own their building, without penalty for six months. At 30 June 2022, \$0.154m had been approved for deferral.

### Relevant significant accounting policies

Rates are set annually by resolution from the Council and relate to a particular financial year. All ratepayers are invoiced within the financial year for which the rates have been set. Rates revenue is recognised in full as at the date when rate assessment notices are sent to the ratepayers. Rates are a

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tax as they are payable under the Local Government Ratings Act 2002 and therefore meet the definition of non-exchange.

Water rates by meter are regulated in the same way as other rates and are taxes that use a specific charging mechanism to collect the rate. However, as the rates charged are primarily based on a per unit of consumption basis, water rates by meter are considered to be more in the nature of an exchange transaction. Revenue from water rates by meter is recognised on an accrual basis based on usage.

## Note 2: Revenue from operating activities

Table 5: Revenue from operating activities	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Development contributions</b>	3,743	3,689	3,743	3,689
<b>Grants, subsidies and reimbursements</b>				
Operating	21,667	13,234	29,602	25,254
Capital	31,969	28,238	33,002	28,752
<b>Total grants, subsidies and reimbursements</b>	<b>53,636</b>	<b>41,472</b>	<b>62,604</b>	<b>54,006</b>
<b>Other operating activities</b>				
Fines and penalties	4,962	6,961	4,962	6,961
Rendering of services	131,556	128,298	143,480	139,406
Sale of goods	7,440	6,657	10,849	10,094
<b>Total other operating activities</b>	<b>143,958</b>	<b>141,916</b>	<b>159,291</b>	<b>156,461</b>
<b>TOTAL REVENUE FROM OPERATING ACTIVITIES</b>	<b>201,337</b>	<b>187,077</b>	<b>225,638</b>	<b>214,156</b>

For the Council, the principal grants and reimbursements are from Waka Kotahi - New Zealand Transport Agency (NZTA), which reimburses part of the Council's costs for maintaining the local roading and cycling infrastructure. The capital reimbursements recognised from NZTA of \$23.032m (2021: \$28.173m) and operating reimbursements of \$7.951m (2021: \$8.111m) are for costs already incurred and there are no unfulfilled conditions or other contingencies relating to the reimbursements.

Council applied for and received \$10.100m (2021: \$10.100m) of Government stimulus funding in relation to the Three Waters reform package. \$15.472m (2021: \$4.730m) has been recognised above based on costs already incurred.

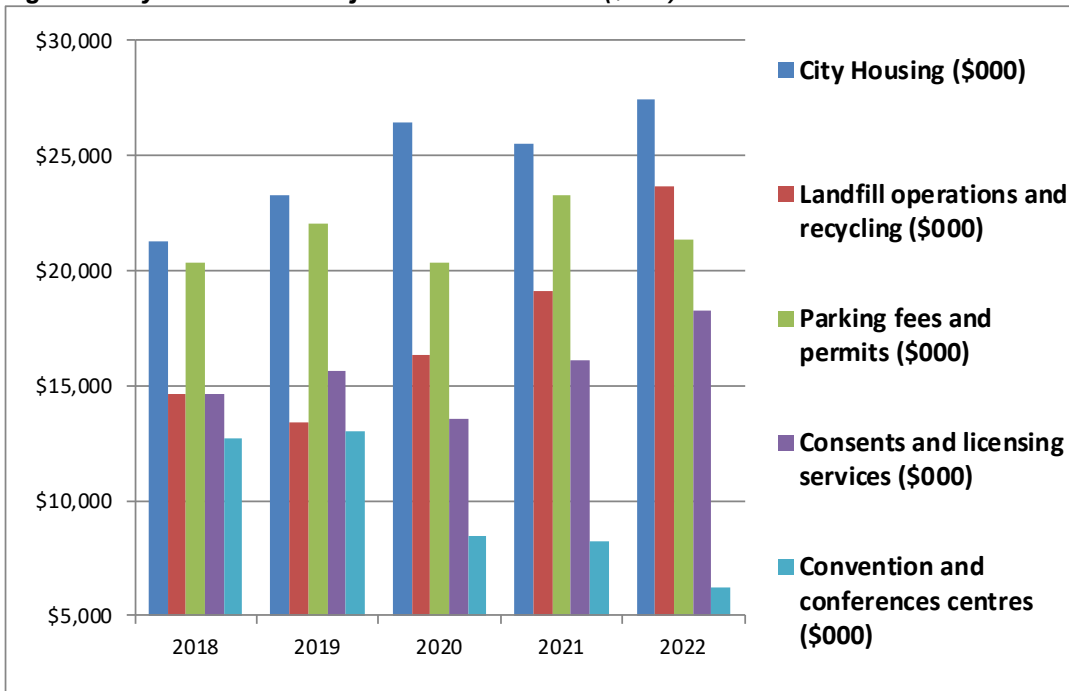
For revenue from other operating activities of Council, the five major contributors were:

- City housing - \$27.416m (2021: \$25.553m)
- Parking fees and permits - \$21.360m (2021: \$23.293m)
- Landfill operations and recycling - \$23.654m (2021: \$19.089m) – including unbudgeted revenue from the joint operation with Porirua City Council \$2.395m (2021: \$1.758m).
- Consents and licensing services - \$18.284m (2021: \$16.116m)
- Convention and conferences centres – \$6.246m (2021: \$8.259m)

see *Figure 2* for a five-year trend analysis of these major revenue streams.

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**Figure 2: 5-year trend for major revenue streams (\$000)**



**5-year Trend analysis commentary**

**City Housing**

Annual rent increases during the year in line with market movements led to higher revenue in 2021/2022. This was somewhat mitigated by a number of properties either being sold privately or being held for sale to partners.

For further information – refer to the Statement of service performance strategy area 5.2 – Community support (page xx).

**Parking fees and permits**

Parking revenue was down in 2021/22 from the previous year due to the impact of the Covid-19 Omicron variant and the resulting lockdown. Following the lifting of the lockdown, Council approved a Covid Recovery Plan which offered discounted parking to encourage residents to return to the city, further reducing revenue earned in the year.

For further information – refer to the Statement of service performance strategy area 7.2 – Parking (page XX).

**Landfill Operations**

Revenue increase in 2021/22 due largely to ~60 000 tonnes more than anticipated in the budget for contaminated soil received at Landfill. The increase is largely driven by increased construction activity over the past year and a lower-than-expected impact of the COVID-19 lockdowns on activity. Around \$1m increase in rubbish bags sales driven by 73k more bags sold and a price increase of 18.5% from 1 July 2021.

For further information – refer to the Statement of service performance strategy 2.2 – Waste reduction and energy conservation (page XX).

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**Consents and Licensing Services**

Volumes have varied over the last five years, dropping in 2019/20 due to COVID-19 before picking up immediately following. They were in turn lower again in 2022 however fee increases applied in that year drove the revenue higher.

For further information – refer to the Statement of service performance strategy area 6.2 – Building and development control (page XX).

**Convention and Conference centres**

COVID-19 has had significant impact on revenues in recent years as performances were reduced. That continued to be the case last year as well as the unavailability of the St James Theatre owing to its redevelopment.

For further information – refer to the Statement of service performance strategy 3.1 – City promotions and business support (page XX).

***Relevant significant accounting policies***

Revenue from operating activities is generally measured at the fair value of consideration received or receivable.

The Council undertakes various activities as part of its normal operations which generates revenue, but generally at below market prices or at fees and user charges subsidised by rates. The following categories (except where noted) are classified as transfers, which are non-exchange transactions other than taxes.

See Note 13: Receivables and recoverables (pg XX), for an explanation of exchange and non-exchange transactions, transfers and taxes.

***Development contributions***

Development contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Until such time as the Council provides, or is able to provide the service, development contributions are recognised as liabilities.

***Grants, subsidies and reimbursements***

Grants, subsidies and reimbursements are initially recognised at their fair value where there is reasonable assurance that the monies will be received and all attaching conditions will be complied with. Grants and subsidies received in relation to the provision of services are recognised on a percentage of completion basis. Reimbursements (e.g. NZTA roading claim payments) are recognised upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.

***Fines and penalties***

Revenue from fines and penalties (eg. traffic and parking infringements and library overdue book fines) is recognised when infringement notices are issued or when the fines/penalties are otherwise imposed. In particular the fair value of parking related fines is determined based on the probability of collecting fines considering previous collection history and a discount for the time value of money.

***Rendering of services***

Revenue from the rendering of services (eg. building consent fees) is recognised by reference to the stage of completion of the transaction, based on the actual service provided as a percentage of the total services to be provided. Under this method, revenue is recognised in the accounting periods in which the services are provided. Some rendering of services are provided at a market rate or on a full cost recovery basis (eg. Parking fees) and these are classified as exchange.

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**Sale of goods**

The sale of goods is classified as exchange revenue. Sale of goods is recognised when products are sold to the customer and all risks and rewards of ownership have transferred to the customer.

**Note 3: Investment revenue**

Table 6: Investment revenue	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Dividend from associates	-	-	-	-
Dividend from equity investments	64	66	64	66
Investment property revenues	11,045	10,999	11,045	10,999
<b>TOTAL INVESTMENT REVENUE</b>	<b>11,109</b>	<b>11,065</b>	<b>11,109</b>	<b>11,065</b>

**Dividends**

The annual plan budget for 2021/22 did not include dividend revenue from the Council's 34 percent shareholding in Wellington International Airport Limited as the financial impact from COVID-19 was well forecasted.

The Council continues to maintain its current level of investment as it considers the future dividend stream adds diversity to normal rates revenue. The investment portfolio is presently maintained as it is strategically, financially and economically prudent to do so.

For further information refer to Note 21: Investment in associates and joint venture (pg XX).

**Investment properties**

The revenues from investment properties are primarily from ground leases around the CBD and on the waterfront. The Council periodically reviews its continued ownership of investment properties by assessing the benefits against other arrangements that could deliver similar benefits. Any assessment is based on both the strategic benefit of the investment/ownership and in terms of the most financially viable method of achieving the delivery of Council services.

For further information refer to Note 18: Investment properties (pg XX).

**Relevant significant accounting policies**

**Dividends**

Dividends from equity investments are recognised when the Council's right to receive payment has been established.

**Investment property lease rentals**

Lease rentals (net of any incentives given) are recognised on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which benefits derived from the leased asset is diminished



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## Note 4: Vested assets and other revenue

Table 7: Vested assets and other revenue	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Vested assets	82,488	9,411	82,488	9,411
Other revenue	3,042	3,642	3,280	4,059
<b>TOTAL VESTED ASSETS AND OTHER REVENUE</b>	<b>85,530</b>	<b>13,053</b>	<b>85,768</b>	<b>13,470</b>

Vested assets are principally infrastructural assets such as roading, drainage, waste and water assets that have been constructed by developers. As part of the consents process, ownership of these assets is transferred to the Council, and on completion they become part of the city's network. Although vested assets are non-cash in nature and represent a future obligation to the Council, as the Council will have the on-going costs associated with maintaining the assets, they are recognised as revenue in accordance with the applicable accounting standard.

The breakdown of principal vested assets received is:

- Drainage, waste and water - \$74.116m (2021: \$4.891m). The significant increase in the 2021/22 year is due to recognition of \$72.396m of wastewater lateral connections as Council assets. Previously, these laterals were considered as being the responsibility of building owners.
- Land - \$3.610m (2021: Nil)
- Roading - \$3.864m (2021: \$4.430m)

Other revenue consisted mainly of:

- Gains on disposal of assets - \$0.322m (2021: \$0.959m)
- Restricted funds - \$0.509m (2021: \$0.992m)
- Fuel tax - \$1.024m (2021: \$1.116m)
- Release of unused provisions - \$0.913m (2021: Nil)

### **Relevant significant accounting policies**

#### ***Donated, subsidised or vested assets***

Where a physical asset is acquired for nil or nominal consideration, with no conditions attached, the fair value of the asset received, as determined by active market prices, is recognised as non-exchange revenue when the control of the asset is transferred to the Council.

#### ***Gains***

Gains include additional earnings (i.e. Sale proceeds in excess of the book value) on the disposal of property, plant and equipment.

#### ***Donated services***

The Council benefits from the voluntary service of many Wellingtonians in the delivery of its activities and services (eg. beach cleaning and Otari-Wilton's Bush guiding and planting). Due to the difficulty in determining the precise value of these donated services with sufficient reliability, donated services are not recognised in these financial statements.

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## Note 5: Fair value movements

Table 8: Fair value movements	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Investment property revaluation	20,614	20,496	20,614	20,496
Amortisation of loans to related parties	31	5	31	5
<b>TOTAL FAIR VALUE MOVEMENTS - GAINS</b>	<b>20,645</b>	<b>20,501</b>	<b>20,645</b>	<b>20,501</b>
<i>Less</i>				
Fair value adjustment to loan	35	52	40	52
Currency exchange loss	-	-	-	1
<b>TOTAL FAIR VALUE MOVEMENTS - LOSSES</b>	<b>35</b>	<b>52</b>	<b>40</b>	<b>53</b>
<b>TOTAL NET FAIR VALUE MOVEMENTS</b>	<b>20,610</b>	<b>20,449</b>	<b>20,605</b>	<b>20,448</b>

Investment properties, which are revalued annually, are held primarily to earn lease revenue and/or for capital growth. These properties include the Council's ground leases and certain land and buildings, including the Wellington Waterfront investment properties. For more information refer to Note 18: Investment properties (pg XX).

In May 2021, Wellington Regional Stadium Trust made an initial drawdown of a Joint loan facility, between Wellington City Council and GWRC, which was made available as part of a COVID-19 response. Two further drawdowns were made during 2021/22 to fully utilise the facility. As the initial 2-year period is interest free a further adjustment to reflect fair value was required. The value of this adjustment was \$0.035m, which is non-cash in nature, has no effect on rates and will be amortised back up to full value over the next two years. The loan will become interest bearing in year 3, with annual principal repayments and the final repayment by the end of 2030/31. For more information refer to Note 15: Other financial assets (pg XX).

### **Relevant significant accounting policies**

#### **Gains**

Gains include increases on the revaluation of investment property and in the fair value of financial assets and liabilities.

#### **Investment properties**

Investment properties are measured initially at cost and subsequently measured at fair value, determined annually by an independent registered valuer. Any gain or loss arising is recognised within surplus or deficit. Investment properties are not depreciated.

#### **Derivatives**

Movements on derivatives at fair value through surplus or deficit represents the fair value movements on interest rate swaps that do not meet the criteria for hedge accounting. Movements in the Group's other derivatives that meet the criteria for hedge accounting, are taken to the cash flow hedge reserve and have no impact on the net surplus / (deficit) for the year.

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## Note 6: Finance revenue and expense

Table 9: Finance revenue, expense and net finance cost	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Interest on borrowings	28,798	25,140	28,802	25,153
Interest on finance leases	-	-	5	6
Re-discounting of interest on provisions	498	350	498	350
<b>TOTAL FINANCE EXPENSE</b>	<b>29,296</b>	<b>25,490</b>	<b>29,305</b>	<b>25,509</b>
<i>Less</i>				
Interest earned	2,991	2,114	3,166	2,228
<b>TOTAL FINANCE REVENUE</b>	<b>2,991</b>	<b>2,114</b>	<b>3,166</b>	<b>2,228</b>
<b>NET FINANCE COST</b>	<b>26,305</b>	<b>23,376</b>	<b>26,139</b>	<b>23,281</b>

Council's policy is to have the majority of borrowings on fixed interest rates to avoid volatility in its interest expense as interest rates change. To achieve this, it uses interest rate swaps, which effectively changes floating rate debt to fixed rate debt.

Returns on investment deposits are also market related so have reduced accordingly as interest rates have fallen.

### **Relevant significant accounting policies**

#### ***Interest on borrowings***

Interest expense is recognised using the effective interest rate method. All borrowing costs are expensed in the period in which they are incurred.

#### ***Re-discounting of interest***

Re-discounting of interest on provisions is the Council's funding cost for non-current provisions (where the cash flows will not occur until a future date). For further information refer to Note 25: Employee benefit liabilities and provisions (pg XX) and Note 26: Provision for other liabilities (pg XX).

#### ***Interest earned***

Interest earned is recognised using the effective interest rate method.

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**Note 7: Expenditure on operating activities**

Table 10: Expenditure on operating activities	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Governance and employment</b>				
Elected member remuneration	1,867	1,855	1,867	1,855
Independent directors/trustees fees for controlled entities	-	-	445	527
Employee benefits expense:				
- Remuneration	118,767	106,162	148,407	134,369
- Superannuation contributions (including KiwiSaver)	3,560	3,160	4,279	3,804
Other personnel costs	4,501	3,415	5,899	4,594
<b>Impairments</b>				
Bad debts written off not previously provided for	133	65	133	65
Increase in provision for impairment of receivables and recoverables	205	190	206	190
Impairment of property, plant and equipment	4,414	1,848	4,414	1,848
<b>Insurance</b>				
Insurance premiums	16,585	17,431	17,431	18,171
Insurance reserve costs - net	605	1,017	605	1,017
<b>General</b>				
Administration Costs	5,661	5,230	16,976	17,098
Auditor's remuneration:	536	570	838	795
Contractors	5,086	3,300	7,838	6,226
Contracts, services and materials	161,099	146,838	163,086	148,690
Grants	45,947	46,901	16,362	18,160
Information and communication technology	16,101	16,966	17,670	18,471
Loss on disposal of intangibles	518	-	518	-
Loss on disposal of property, plant and equipment	2,713	281	2,746	287
Loss on disposal of investment property	-	564	-	564
Loss on investments	-	-	-	2
Operating lease - minimum lease payments	10,380	8,141	11,612	9,905
Professional costs	11,360	9,060	12,374	10,326
Reassessment of weathertight provision	-	669	-	669
Utility costs	36,496	32,427	37,484	33,154
<b>TOTAL EXPENDITURE ON OPERATING ACTIVITIES</b>	<b>446,534</b>	<b>406,090</b>	<b>471,190</b>	<b>430,787</b>

**Governance and employment**

Governance costs relate to the remuneration made to all elected members, comprising the Mayor, Councillors and Community Board members and also to directors appointed to boards of controlled entities.

Employment costs relate to the remuneration paid directly to staff, other employee benefits such as KiwiSaver and other associated costs such as recruitment and training.

During the year \$0.394m (2021: \$0.462m) of termination benefits were incurred by the Council and \$0.610m (2021: \$0.753m) for the Group. Termination benefits include all payments relating to the end of employment other than unpaid salary and leave entitlements. Termination benefits include both

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contractual (eg redundancy, in lieu of notice) and non-contractual (eg severance) payments but excludes retirement payments already provided for.

For further information refer to Note 38: Remuneration and staffing levels (pg XX)

**General**

Table 11: Auditor's remuneration:	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Audit New Zealand - Financial Statements	352	362	554	507
Audit New Zealand - Long-tem Plan amendment	130	154	130	154
Audit New Zealand - Wgtn Waterfront Project	40	40	40	40
Audit New Zealand - other assurances	14	14	14	14
Audit services - other Auditors	-	-	100	80
	<b>536</b>	<b>570</b>	<b>838</b>	<b>795</b>

During the period Audit New Zealand provided other services to the Council, namely assurance services relating to the Clifton Terrace Carpark managed by the Council on behalf of the New Zealand Transport Agency and assurance services relating to Council's debenture trust deed compliance (see *Table 11* above).

Direct costs are costs directly attributable to the rendering of Council services, including contracts, maintenance, management fees, materials and services.

Grants include the operating grants to Council's controlled entities (refer to Note 37: Related Party disclosures, for a breakdown (pg XX). Other major grants include the funding to the Museum of New Zealand, Te Papa Tongarewa \$2.250m (2021: \$2.250m).

Operating lease minimum lease payments are for non-cancellable agreements for the use of office or other spaces in buildings.

Utility costs are those relating to the use of electricity, gas, and water. It also includes the payment of rates and water meter charges of \$16.342m (2021: \$14.926m) on Council owned properties.

**COVID-19: Expenditure impacts**

The effect on expenditure related mainly to additional security measures around vaccine pass checking, health and safety costs in regard to Personal Protection Equipment (PPE), and grant support for Council controlled entities namely, Wellington Cable Car Limited, Wellington Museums Trust and Wellington Regional Stadium Trust (refer to Note 37 – Related party disclosures (page xx)). In addition, Council was required to meet its funding agreement with the World of WearableArt (WOW) when organisers were compelled to cancel the show in September 2021. This higher expenditure was offset by a significant reduction in costs relating to events not being held, due to continued alert level changes and then the introduction of traffic lights restrictions.

**Relevant significant accounting policies**

**Grants and sponsorships**

Expenditure is classified as a grant or sponsorship if it results in a transfer of resources (eg. cash or physical assets) to another entity or individual in return for compliance with certain conditions relating to the operating activities of that entity. It includes any expenditure arising from a funding arrangement with another entity that has been entered into to achieve the objectives of the Council. Grants and sponsorships are distinct from donations which are discretionary or charitable gifts. Where grants and

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sponsorships are discretionary until payment, the expense is recognised when the payment is made. Otherwise, the expense is recognised when the specified criteria have been fulfilled.

**Cost allocation**

The Council has derived the cost of service for each significant activity (as reported within the Statements of Service Performance). Direct costs are expensed directly to the activity. Indirect costs relate to the overall costs of running the organisation and include staff time, office space and information technology costs. These indirect costs are allocated as overheads across all activities

**Research and Development**

Research costs are expensed as incurred. Development expenditure on individual projects is capitalised and recognised as an asset when it meets the definition and criteria for capitalisation as an asset and it is probable that the Council will receive future economic benefits from the asset. Assets which have finite lives are stated at cost less accumulated amortisation and are amortised on a straight-line basis over their useful lives.

**Note 8: Depreciation and amortisation**

Table 12: Depreciation and amortisation	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
<b>Depreciation</b>				
Buildings	31,461	20,542	31,646	21,008
Civic Precinct	1,254	1,252	1,254	1,252
Drainage, waste and water infrastructure	53,295	49,257	53,295	49,257
Landfill post closure	102	260	102	260
Library collections	2,057	1,862	2,057	1,862
Plant and equipment	16,854	23,322	17,751	24,497
Restricted buildings	1,854	1,881	1,854	1,881
Roading infrastructure	34,258	33,282	34,258	33,282
<b>Total depreciation</b>	<b>141,135</b>	<b>131,658</b>	<b>142,217</b>	<b>133,299</b>
<b>Amortisation</b>				
Computer software	5,353	4,977	5,398	5,026
<b>TOTAL DEPRECIATION AND AMORTISATION</b>	<b>146,488</b>	<b>136,635</b>	<b>147,615</b>	<b>138,325</b>

Depreciation (amortisation) is an expense charged each year to reflect the estimated cost of using our assets over their lives. Amortisation relates to 'intangible' assets such as software (as distinct from physical assets, which are covered by the term depreciation).

**Relevant significant accounting policies**

**Depreciation**

Depreciation is provided on all property, plant and equipment, with certain exceptions. The exceptions are land, restricted assets other than buildings, and assets under construction (work in progress). Depreciation is calculated on a straight-line basis, to allocate the cost or value of the asset (less any assessed residual value) over its estimated useful life. (See Table 13).

The landfill post closure asset is depreciated over the life of the landfill based on the capacity of the landfill.



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Table 13: Estimated useful lives of tangible assets	
	2022 Useful Life (years)
<b>Asset Category</b>	
<b>Operational assets</b>	
Land	unlimited
Buildings:	
Structure	7 - 87
Roof	6 - 50
Interior	5 - 50
Services	5 - 47
Civic Precinct	5 - 66
Plant and equipment	5 - 100
Library collection	6 - 10
<b>Infrastructure assets:</b>	
Land (including land under roads)	unlimited
Roading:	
Road pavement	10 - 40
Retaining / sea walls	50 - 100
Kerb and channel	10 - 60
Structures - other sea defences	100 - 250
Tunnels - structure and services	20 - 175
Bridges	90 - 110
Drainage, waste and water:	
Pipes	60 - 110
Reservoirs	25 - 90
Pump stations	32 - 105
Fittings	25 - 70
<b>Restricted assets (excluding buildings)</b>	unlimited

The variation in the range of lives for infrastructural assets is due to these assets being managed and depreciated by individual component rather than as a whole asset.

#### Amortisation

The amortisation of intangible assets is charged on a straight-line basis over the estimated useful life of the associated assets. (See *Table 14*)

Table 14: Estimated useful lives of intangible assets	
	2022 Useful Life (years)
<b>Asset Category</b>	
Computer software	2 - 11

Computer software has a finite economic life and amortisation is charged to surplus or deficit on a straight-line basis over the estimated useful life of the asset.

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## Note 9: Share of associates' and joint venture's surplus or deficit

The Council's share of the results of the Chaffers Marina Holdings Limited, Wellington International Airport Limited and Wellington Water Limited is as shown in *Table 15*.

Table 15: Share of associates' and joint venture's surplus or deficit	Group	
	2022	2021
	\$000	\$000
<b>Associates</b>		
Chaffers Marina Holdings Limited	(44)	52
Wellington International Airport Limited	958	(4,183)
<b>Joint venture</b>		
Wellington Water Limited	1,299	240
<b>TOTAL SHARE OF ASSOCIATES' AND JOINT VENTURE'S SURPLUS OR (DEFICIT)</b>	<b>2,213</b>	<b>(3,891)</b>

Further information on the cost and value of the above investments is found in Note 21: Investments in Associates and Joint Venture (pg XX).

**COVID-19:** For 2021/22 the financial impacts for Council were primarily that no WIAL dividend was declared for distribution to Council and the 34% share of the return to surplus from the WIAL operations.

Council also agreed in 2020/21 to extend the term of the underwrite for its share of a potential equity raising. For more information refer to Note 35: Contingencies (pg XX).

### **Relevant significant accounting policies**

Associates are entities where the Council has significant influence over their operating and financial policies, but they are not controlled entities or joint ventures. In the Council financial statements, the investments in associates are carried at cost. In the Group financial statements, the Council's share of the assets, liabilities, revenue and expenditure of associates is included on an equity accounting basis as a single line.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the agreed sharing of control of an arrangement by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. In the Council financial statements, the investments in joint ventures are carried at cost. In the Group financial statements, the Council's share of the assets, liabilities, revenue and expenditure of joint ventures is included on an equity accounting basis as a single line.

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Note 10: Income tax

Table 16: Income Tax	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Current tax expense/(credit)</b>				
Current year	-	-	28	112
Prior period adjustment	-	-	2	346
<b>Total current tax expense/(credit)</b>	-	-	30	458
<b>Deferred tax expense/(credit)</b>				
Origination and reversal of temporary differences	(3)	(37)	(86)	24
Change in unrecognised temporary differences	-	-	-	-
Recognition of previously unrecognised tax losses	3	37	-	-
<b>Total deferred tax expense/(credit)</b>	-	-	(86)	24
<b>TOTAL INCOME TAX EXPENSE/(CREDIT)</b>	-	-	(56)	482

Table 17: Reconciliation of tax on the surplus/(deficit) and tax expense/(credit)	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Surplus/(deficit) for the period before taxation	87,435	7,457	88,565	4,769
Prima facie income tax based on domestic tax rate - 28%	24,482	2,088	24,798	1,335
Effect of non-deductible expenses and tax exempt income	(24,485)	(2,125)	(23,975)	(342)
Effect of tax losses utilised	-	-	(302)	-
Current years loss for which no deferred tax asset was recognised	3	37	-	37
Previously unrecognised tax losses now utilised	-	-	19	(49)
Change in unrecognised temporary differences	-	-	-	65
Prior period adjustment	-	-	(2)	346
Reintroduction of tax depreciation on buildings	-	-	-	0
Overseas withholding tax - non-reclaimable	-	-	26	20
Share of income tax of equity accounted associates	-	-	(620)	(930)
<b>TOTAL INCOME TAX EXPENSE/(CREDIT)</b>	-	-	(56)	482

**Relevant significant accounting policies**

Council, as a local authority is only liable for income tax on the surplus or deficit for the year derived from any council-controlled trading organisations. Other members of the Group are subject to normal taxation unless they have tax exempt status as charitable trusts.

Income tax expense includes components relating to both current tax and deferred tax.

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Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, plus any adjustment to tax payable in respect of previous periods.

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## Statement of Financial Position

Table 18: Statement of Financial Position		Council			Group	
As at 30 June 2022		Actual	Budget	Actual	Actual	Actual
	Note	2022	2022	2021	2022	2021
		\$000	\$000	\$000	\$000	\$000
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	11	26,575	21,419	84,349	40,727	103,542
Derivative financial assets	12	216	-	-	216	-
Receivables and recoverables	13	86,355	64,708	57,656	87,755	58,919
Prepayments	14	18,294	14,379	21,337	18,773	21,647
Other financial assets	15	102,856	209,000	62,684	109,556	63,786
Inventories		944	1,549	787	1,534	1,394
Non-current assets classified as held for sale	16	13,366	-	14,703	13,366	14,703
<b>Total current assets</b>		<b>248,606</b>	<b>311,055</b>	<b>241,516</b>	<b>271,927</b>	<b>263,991</b>
<b>Non-current assets</b>						
Derivative financial assets	12	58,191	-	7,821	58,191	7,821
Receivables and recoverables	13	-	-	3,400	-	3,400
Other financial assets	15	29,298	16,131	22,982	31,578	24,747
Intangibles	17	38,211	84,353	39,031	38,238	39,105
Investment properties	18	300,108	274,309	279,082	300,108	279,082
Property, plant and equipment	19	10,278,247	8,182,726	8,203,230	10,292,098	8,217,301
Investment in controlled entities	20	5,071	5,998	5,071	-	-
Investment in associates and joint venture	21	19,473	19,033	19,473	258,206	233,291
<b>Total non-current assets</b>		<b>10,728,599</b>	<b>8,582,550</b>	<b>8,580,090</b>	<b>10,978,419</b>	<b>8,804,747</b>
<b>TOTAL ASSETS</b>		<b>10,977,205</b>	<b>8,893,605</b>	<b>8,821,606</b>	<b>11,250,346</b>	<b>9,068,738</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Derivative financial liabilities	12	260	709	1,798	260	1,798
Exchange transactions and transfers payable	22	84,962	64,761	71,877	84,502	74,211
Taxes payable	22	11,134	-	10,887	11,459	11,211
Deferred revenue	23	16,670	16,092	20,884	25,645	26,533
Borrowings	24	209,001	209,000	154,523	209,001	154,544
Employee benefit liabilities and provisions	25	7,840	12,262	7,044	10,033	8,973
Provision for other liabilities	26	5,481	4,058	2,279	5,481	2,279
<b>Total current liabilities</b>		<b>335,348</b>	<b>306,882</b>	<b>269,292</b>	<b>346,381</b>	<b>279,549</b>
<b>Non-current liabilities</b>						
Derivative financial liabilities	12	523	106,331	53,045	523	53,045
Exchange transactions and transfers payable	22	231	-	231	231	231
Borrowings	24	862,157	1,070,401	754,129	863,757	754,792
Employee benefit liabilities and provisions	25	624	1,174	724	662	767
Provision for other liabilities	26	37,696	34,995	50,490	37,696	50,490
Deferred tax	27	-	-	-	590	680
<b>Total non-current liabilities</b>		<b>901,231</b>	<b>1,212,901</b>	<b>858,619</b>	<b>903,459</b>	<b>860,005</b>
<b>TOTAL LIABILITIES</b>		<b>1,236,579</b>	<b>1,519,783</b>	<b>1,127,911</b>	<b>1,249,840</b>	<b>1,139,554</b>

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## Statement of Financial Position – continued

Table 18: Statement of Financial Position - continued		Council			Group	
As at 30 June 2022		Actual	Budget	Actual	Actual	Actual
	Note	2022	2022	2021	2022	2021
		\$000	\$000	\$000	\$000	\$000
<b>EQUITY</b>						
Accumulated funds		1,269,134	1,269,134	1,269,134	1,293,162	1,293,162
Retained earnings		3,903,366	3,775,023	3,815,363	3,911,964	3,822,663
Revaluation reserves	28	4,484,022	2,415,427	2,631,206	4,704,556	2,830,205
Hedging reserve	29	57,624	(107,041)	(47,022)	58,172	(47,641)
Fair value through other comprehensive revenue and expense reserve	30	6,854	5,085	6,029	7,983	6,656
Non-controlling interest		-	-	-	797	781
Restricted funds	31	19,626	16,194	18,985	23,872	23,358
<b>TOTAL EQUITY</b>		<b>9,740,626</b>	<b>7,373,822</b>	<b>7,693,695</b>	<b>10,000,506</b>	<b>7,929,184</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10,977,205</b>	<b>8,893,605</b>	<b>8,821,606</b>	<b>11,250,346</b>	<b>9,068,738</b>

The notes on pg XX to XX form part of and should be read in conjunction with the financial statements

## Statement of Financial Position - Major budget variations

### Significant variations from budget are as follows:

Current assets are \$62.449m lower than budgeted with major variances included of:

- \$5.156m more cash held than budgeted.
- \$21.647m higher Receivables and recoverables due to late LGWM reimbursement billing, a movement from non-current debtors and higher unpaid rates due to COVID-19 financial pressures.
- \$106.144m less Other financial assets which is offset by lower borrowings than budgeted.
- \$13.366m land and buildings re-classified as held for sale.

Non-current assets are \$2,146.049m higher than budget with major variances included of:

- \$58.191m of unbudgeted Derivative financial assets due to increased swap interest rates.
- \$13.167m higher Other financial assets than budgeted.
- \$46.142m less Intangibles than budgeted due to the budget being overstated resulting from a classification error of \$51.743m, which should have been part of Property, plant and equipment.
- \$25.799m higher Investment properties than budgeted due to higher revaluation.
- \$2,095.521m higher Property, plant and equipment due to the revaluation of Infrastructure assets that was originally scheduled for 30 June 2023.

Total liabilities are \$283.204m lower than budget, with major variances included of:

- \$20.201m higher current payables, partly due to timing of invoicing for work completed.
- \$105.808m lower Derivative financial liabilities due to increased swap interest rates.
- \$208.244m lower Non-current borrowings due to lower capital expenditure than budgeted and offset by reduced Other financial assets.



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## Note 11: Cash and cash equivalents

Table 19: Cash and cash equivalents	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Cash at bank	6,560	84,333	19,189	97,021
Cash on hand	15	16	29	33
Short-term bank deposits of up to 3 months at acquisition	20,000	-	21,509	6,488
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>26,575</b>	<b>84,349</b>	<b>40,727</b>	<b>103,542</b>

Bank balances that are interest bearing earn interest based on current floating bank deposit rates.

Council holds short term deposits as part of its overall liquidity risk management programme. This programme enables Council to maintain its regular commercial paper programme and to pre-fund upcoming debt maturities. The combination of the commercial paper programme and holding short term deposits reduces Council's cost of funds.

## Note 12: Derivative financial instruments

Table 20: Derivative financial instruments	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Assets</b>				
<b>Current assets</b>				
Interest rate swaps - cash flow hedges	216	-	216	-
<b>Total current liabilities</b>	<b>216</b>	<b>-</b>	<b>216</b>	<b>-</b>
<b>Non-current assets</b>				
Interest rate swaps - cash flow hedges	58,191	7,821	58,191	7,821
<b>Total non-current assets</b>	<b>58,191</b>	<b>7,821</b>	<b>58,191</b>	<b>7,821</b>
<b>TOTAL DERIVATIVE FINANCIAL INSTRUMENT ASSETS</b>	<b>58,407</b>	<b>7,821</b>	<b>58,407</b>	<b>7,821</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Interest rate swaps - cash flow hedges	260	1,798	260	1,798
<b>Total current liabilities</b>	<b>260</b>	<b>1,798</b>	<b>260</b>	<b>1,798</b>
<b>Non-current liabilities</b>				
Interest rate swaps - cash flow hedges	523	53,045	523	53,045
<b>Total non-current liabilities</b>	<b>523</b>	<b>53,045</b>	<b>523</b>	<b>53,045</b>
<b>TOTAL DERIVATIVE FINANCIAL INSTRUMENT LIABILITIES</b>	<b>783</b>	<b>54,843</b>	<b>783</b>	<b>54,843</b>

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Derivative financial instruments are used by the Group in the normal course of business to hedge exposure to cash flow and fair value interest rate risk. The amounts shown above represent the fair values of these derivative financial instruments. Although these are managed as a portfolio, the Group has no rights to offset assets and liabilities and must present these figures separately.

Interest rate swaps (Cash flow hedges) are used to fix interest rates on floating rate debt (floating rate notes or commercial paper). The swaps are held until maturity and have no cash impact or effect on the rates requirements. The timing of the maturities of the active swaps, their nominal values and their weighted average fixed interest rates are shown in *Table 21* following.

Table 21: Nominal value and weighted average fixed rate of live interest rate swaps	Council				Group			
	2022		2021		2022		2021	
	\$000	%	\$000	%	\$000	%	\$000	%
<i>Interest rate swaps - hedge accounted</i>								
Not later than one year	109,000	3.61%	114,500	3.84%	109,000	3.61%	114,500	3.84%
Later than one year and not later than five years	175,500	4.00%	210,000	3.84%	175,500	4.00%	210,000	3.84%
Later than five years	168,500	2.92%	124,500	3.28%	168,500	2.92%	124,500	3.28%
<b>Total interest rate swaps - hedge accounted</b>	<b>453,000</b>	<b>3.50%</b>	<b>449,000</b>	<b>3.69%</b>	<b>453,000</b>	<b>3.50%</b>	<b>449,000</b>	<b>3.69%</b>

For further information on the Council's interest rate swaps please refer to Note 29: Hedging Reserve (pg XX) and Note 33: Financial instruments (pg XX).

**Relevant significant accounting policies**

Derivative financial instruments include interest rate swaps used to hedge exposure to interest rate risk on borrowings. Derivatives are initially recognised at fair value, based on quoted market prices, and subsequently remeasured to fair value at the end of each reporting period. Fair value is determined by reference to quoted prices for similar instruments in active markets. Derivatives that do not qualify for hedge accounting are classified as non-hedged and fair value gains or losses are recognised within surplus or deficit.

Recognition of fair value gains or losses on derivatives that qualify for hedge accounting depends on the nature of the item being hedged. Where a derivative is used to hedge variability of cash flows (cash flow hedge), the effective part of any gain or loss is recognised within other comprehensive revenue and expense while the ineffective part is recognised within surplus or deficit. Gains or losses recognised in other comprehensive revenue and expense transfer to surplus or deficit in the same periods as when the hedged item affects the surplus or deficit.

As per the International Swap Dealers' Association (ISDA) master agreements, all swap payments or receipts are settled net.

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## Note 13: Receivables and recoverables

Table 22: Receivables and recoverables	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Current	86,355	57,656	87,755	58,919
Non-Current	-	3,400	-	3,400
<b>TOTAL RECEIVABLES AND RECOVERABLES - NET</b>	<b>86,355</b>	<b>61,056</b>	<b>87,755</b>	<b>62,319</b>
Trade receivables and recoverables - debtors - net	23,448	14,108	24,613	14,640
Trade recoverables - fines - net	3,657	3,808	3,657	3,808
Accrued revenue	19,715	14,065	19,738	14,740
Sundry receivables	8,239	7,884	8,659	8,050
GST recoverable	5,052	5,051	4,844	4,941
Rates recoverable	26,244	16,140	26,244	16,140
<b>TOTAL RECEIVABLES AND RECOVERABLES - NET</b>	<b>86,355</b>	<b>61,056</b>	<b>87,755</b>	<b>62,319</b>

Current trade, rates and sundry receivables and recoverables are non-interest bearing and receipt is generally on 30-day terms, therefore the carrying value approximates their fair value.

Table 23: Receivables and recoverables from related parties	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Receivables and recoverables from related parties</b>				
- Controlled entities	217	794	-	-
- Associates and jointly controlled entity	168	26	168	26
<b>Total receivables and recoverables from related parties</b>	<b>385</b>	<b>820</b>	<b>168</b>	<b>26</b>

The movement in the provision for impairment of total receivables and recoverables is analysed as follows in Table 24.

Table 24: Provision for impairment of total receivables and recoverables	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Opening balance	6,943	6,999	6,943	7,028
New provisions made	205	223	206	223
Release of unused provision	(312)	(229)	(312)	(256)
Amount of provision utilised	(105)	(50)	(105)	(52)
<b>Provision for impairment of total receivables and recoverables - closing balance</b>	<b>6,731</b>	<b>6,943</b>	<b>6,732</b>	<b>6,943</b>

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**Ageing of debt**

The ageing profile of total net receivables and recoverables at the reporting date is as follows in *Table 25*

Table 25: Debt aging profile		2022			2021		
	Gross	Impaired	Net	Gross	Impaired	Net	
Council	\$000	\$000	\$000	\$000	\$000	\$000	
<b>Trade and other receivables and recoverables</b>							
Not past due	49,338	(152)	49,186	35,924	(100)	35,824	
Past due 0-3 months	17,460	(79)	17,381	11,481	(133)	11,348	
Past due 3-6 months	8,193	(50)	8,143	5,048	(271)	4,777	
Past due more than 6 months	18,095	(6,450)	11,645	15,546	(6,439)	9,107	
<b>TOTAL RECEIVABLES AND RECOVERABLES</b>	<b>93,086</b>	<b>(6,731)</b>	<b>86,355</b>	<b>67,999</b>	<b>(6,943)</b>	<b>61,056</b>	
		2022			2021		
	Gross	Impaired	Net	Gross	Impaired	Net	
Group	\$000	\$000	\$000	\$000	\$000	\$000	
<b>Trade and other receivables and recoverables</b>							
Not past due	50,646	(153)	50,493	36,830	(100)	36,730	
Past due 0-3 months	17,537	(79)	17,458	11,833	(133)	11,700	
Past due 3-6 months	8,208	(50)	8,158	5,053	(271)	4,782	
Past due more than 6 months	18,096	(6,450)	11,646	15,546	(6,439)	9,107	
<b>TOTAL RECEIVABLES AND RECOVERABLES</b>	<b>94,487</b>	<b>(6,732)</b>	<b>87,755</b>	<b>69,262</b>	<b>(6,943)</b>	<b>62,319</b>	

The net receivables and recoverables past due for more than six months primarily relate to fines, which after initial debt recovery attempts, are passed to the Courts to further pursue. Due to their nature, the collection pattern for such fines is longer than for trade debtors.

**Relevant significant accounting policies**

**Receivables from exchange transactions**

Receivables from exchange transactions arise when the Council is owed by another entity or individual for goods or services provided directly by Council and will receive approximately equal value in a willing arm’s length transaction (primarily in the form of cash in exchange). Examples of exchange transactions include parking services and metered water rates.

**Recoverables from non-exchange transactions**

Recoverables from non-exchange transactions arise when the Council is owed value from another party without giving approximately equal value directly in exchange for the value received. Most of the goods or services that Council provide are subsidised by rates revenue and therefore the exchange is unequal. Examples of non-exchange transactions include social housing rentals, parking fines and recreational centre activities. Non-exchange transactions are comprised of either taxes or transfers. Transfers also include grants that do not have specific conditions attached which require return of the grant for non-performance.

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An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. As Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

## Note 14: Prepayments

Table 26: Prepayments	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Insurance	12,982	10,922	13,021	10,951
3 Waters reform stimulus funding	1,010	5,370	1,010	5,370
Information and communications technology	1,876	1,505	1,876	1,505
Waterfront operations	995	1,041	995	1,041
Other	1,431	2,499	1,871	2,780
<b>TOTAL PREPAYMENTS</b>	<b>18,294</b>	<b>21,337</b>	<b>18,773</b>	<b>21,647</b>

## Note 15: Other financial assets

Table 27: Other financial assets	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Represented by:				
Current	102,856	62,684	109,556	63,786
Non-current	29,298	22,982	31,578	24,747
<b>TOTAL OTHER FINANCIAL ASSETS</b>	<b>132,154</b>	<b>85,666</b>	<b>141,134</b>	<b>88,533</b>
Comprised of:				
<b>Equity investments:</b>				
- Civic Financial Services Ltd	524	507	524	507
- NZ Local Government Funding Agency (LGFA)	8,674	7,865	8,674	7,865
- Creative HQ shareholdings	-	-	1,879	1,490
- Legacy investment - Wellington Museums Trust	-	-	274	260
- Gifted investment - Karori Sanctuary Trust	-	-	126	-
<b>Deposits and loans</b>				
Bank Term deposits - greater than 3 months	101,000	61,500	107,700	62,602
LGFA - borrower notes	19,868	14,902	19,868	14,902
Loans to related parties	2,088	892	2,088	892
Loans to external organisations	-	-	1	15
<b>TOTAL OTHER FINANCIAL ASSETS</b>	<b>132,154</b>	<b>85,666</b>	<b>141,134</b>	<b>88,533</b>

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**Equity investments**

Civic Financial Services Limited is the trading name for the New Zealand Local Government Insurance Corporation Limited. The Council holds a 4.78 percent (2021: 4.78 percent) shareholding in this entity and has no present intention to sell.

The New Zealand Local Government Funding Agency Limited (LGFA), is an alternative debt provider majority owned by and operated for local authorities. The Council holds an 8 percent shareholding of the paid-up capital and as a shareholder will benefit from a return on its investment and as a borrower from lower borrowing costs. Refer to Note 36: Related party disclosures, for more information (pg XX).

Creative HQ, a controlled entity of Wellington Regional Economic Development Agency Limited (WREDA), has small shareholdings in various incubator and accelerator programme companies. These shares are held until the companies mature or cease operations.

**Deposits and loans**

**Bank deposits**

Bank term deposits with maturities greater than 3 months are categorised as investments. These longer-term deposits are largely due to the early borrowing (pre-funding) for future debt repayments and generally mature in less than 12 months.

**Borrower notes**

As part of the borrowing arrangements through the LGFA, Council is required to leave 2.5 percent of any debt drawdown with the LGFA, as an investment, in the form of a borrower note. Borrower notes are subordinated convertible debt instruments, which will be repaid with interest to Council, once the related borrowing is repaid or no longer owed to the LGFA. The maturity profile of these notes matches the related debt maturity profile (31 December 2022 to 16 April 2033).

**Loans to related parties**

The loans to related parties are concessionary in nature since the loans have been granted on interest free terms for all or part of the life of the loan. The movements in the loans are shown in *Table 28*.



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Table 28: Loans	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Loans to related parties</b>				
<i>Wellington Regional Stadium Trust</i>				
<i>(Build and membership underwrite - \$15,394,893)</i>				
Opening balance	44	39	44	39
Amortisation of fair value adjustment	31	5	31	5
<b>Closing balance at fair value</b>	<b>75</b>	<b>44</b>	<b>75</b>	<b>44</b>
<i>Wellington Regional Stadium Trust</i>				
<i>(COVID-19 support up to \$2,100,000)</i>				
Opening balance	848	-	848	-
Drawn down	1,200	900	1,200	900
Fair value adjustment	(35)	(52)	(35)	(52)
<b>Closing balance at fair value</b>	<b>2,013</b>	<b>848</b>	<b>2,013</b>	<b>848</b>
<b>Loans to other external organisations</b>				
Opening balance	-	-	15	15
New loan	-	-	1	-
Loan repayments received	-	-	(15)	-
<b>Closing balance at fair value</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>15</b>
<b>TOTAL LOANS</b>	<b>2,088</b>	<b>892</b>	<b>2,089</b>	<b>907</b>

The fair value movement on loans reflects the timing of their expected repayments and the interest free or other nature of the loan. Over the remaining life of the loans their fair value will be amortised back up to their full nominal value.

**Wellington Regional Stadium Trust**

Council holds a \$15.000m limited recourse loan to WRST, which is unsecured, with no specified maturity and at no interest. The loan is not repayable until all other debts are extinguished

The amortisation rate applicable to the WRST loan is 12.710 percent.

On maturity of the initial WRST membership underwrite, the unpaid interest was converted to a \$0.395m advance repayable after all other advances made by the Council and Greater Wellington Regional Council. The current expected repayment of the loan and the advance back to the Council, as advised by WRST, is in 2070.

**COVID-19:** A new joint loan facility between Council and Greater Wellington Regional Council agreed in 2019/20, was further drawn down (\$1.200m) during 2021/22. The loan facility is to fund operating deficits resulting from the impact of COVID-19 and to provide funding for the capital works required to continue with the strengthening of the Fran Wilde walkway. The loan is an unsecured facility of up to \$4.200m divided equally between the lenders with a fixed interest rate of 3.0 percent and is interest free for the first two years commencing from the date of the first drawdown.

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## Note 16: Non-current assets classified as held for sale

Table 29: Non-current assets classified as held for sale	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Non-current assets held for sale are:				
- Buildings	5,889	5,688	5,889	5,688
- Land	7,477	9,015	7,477	9,015
<b>TOTAL NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE</b>	<b>13,366</b>	<b>14,703</b>	<b>13,366</b>	<b>14,703</b>

Properties still unsold or expected to sell within the next 12 months are generally either as a result of road stopping, or housing stock that will be re-invested in better suited social housing developments.

### **Relevant significant accounting policies**

Non-current assets held for sale are valued at the lower of the carrying amount and fair value less costs to sell at the time of reclassification.

Non-current assets held for sale are separately classified as their carrying amount will be recovered through a sale transaction rather than through continuing use. A non-current asset is classified as held for sale where:

- the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets.
- a plan to sell the asset is in place and an active programme to locate a buyer has been initiated.
- the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value.
- the sale is expected to occur within one year or beyond one year where a delay has occurred which is caused by events beyond the Group's control and there is sufficient evidence the Group remains committed to sell the asset; and
- actions required to complete the sale indicate it is unlikely that significant changes to the plan will be made or the plan will be withdrawn.

A non-current asset classified as held for sale is recognised at the lower of its carrying amount or fair value less costs to sell. Impairment losses on initial classification are included within surplus or deficit.

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Note 17: Intangibles

Table 30: Intangibles	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Computer software</b>				
Cost - opening balance	72,823	64,079	73,419	64,826
Accumulated amortisation	(50,870)	(45,813)	(51,392)	(46,446)
Computer software opening balance	21,953	18,266	22,027	18,380
Acquired by direct purchase	1,517	8,664	1,517	8,707
Amortisation	(5,353)	(4,977)	(5,398)	(5,026)
Impairment	(3)		(3)	
Net disposals	(518)	-	(521)	(34)
<b>Total computer software - closing balance</b>	<b>17,595</b>	<b>21,953</b>	<b>17,622</b>	<b>22,027</b>
Cost	73,015	72,823	73,575	73,419
Accumulated amortisation and Impairment	(55,420)	(50,870)	(55,953)	(51,392)
<b>Total computer software - closing balance</b>	<b>17,595</b>	<b>21,953</b>	<b>17,622</b>	<b>22,027</b>
<b>Work in progress</b>				
Computer software	7,645	3,029	7,645	3,029
<b>Total work in progress</b>	<b>7,645</b>	<b>3,029</b>	<b>7,645</b>	<b>3,029</b>
<b>Carbon credits</b>				
Cost - opening Balance	14,049	5,299	14,049	5,299
Additions	898	8,756	898	8,756
Net disposals	(1,976)	(6)	(1,976)	(6)
<b>Total Carbon credits - closing balance</b>	<b>12,971</b>	<b>14,049</b>	<b>12,971</b>	<b>14,049</b>
<b>TOTAL INTANGIBLES</b>	<b>38,211</b>	<b>39,031</b>	<b>38,238</b>	<b>39,105</b>

Disposals and transfers are reported net of accumulated amortisation.

**Carbon credits**

As part of the Emissions Trading Scheme (ETS) the Council receives carbon credits from Central Government in recognition of the carbon absorbed by a portion of the Council's green belt. For the year ending 30 June 2022 the Council received 14,004 units (2021: No units).

The Council purchased no units (2021: 215,347 units) to cover the expected liabilities associated with landfill operations as it had acquired additional units in 2021. The Council surrendered 75,796 units (2021: No units) for the 2021 calendar year liability. For the 2020 calendar year liability, no units were surrendered as the fixed price payment option was utilised.

During the period ending 30 June 2022, no units (2021: 3,000 units) were sold.

At 30 June 2022 the total liability relating to landfill carbon emissions is \$1.171m (2021: \$1.053m).

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More information on carbon credits can be found in the Statements of Service Provision under activity 2.2: Waste reduction and energy conservation (pg XX).

The movement in units held are shown in *Table 31*.

Table 31: Carbon credits	Council		Group	
	2022	2021	2022	2021
	Units	Units	Units	Units
Opening balance	601,177	388,830	601,177	388,830
Additions - Allocated from the Crown	14,004	-	14,004	-
Additions - Purchases	-	215,347	-	215,347
Disposals - Surrendered to the Crown	(75,796)	-	(75,796)	-
Disposals - Sales	-	(3,000)	-	(3,000)
<b>TOTAL CARBON CREDITS</b>	<b>539,385</b>	<b>601,177</b>	<b>539,385</b>	<b>601,177</b>

**Relevant significant accounting policies**

**Computer software**

Acquired computer software is measured on initial recognition at the costs to acquire and bring to use and subsequently less any amortisation and impairment losses.

Typically, the estimated useful life of these assets is between 2 to 11 years.

**Carbon Credits**

Carbon credits comprise either allocations of emission allowances granted by the Government related to forestry assets or units purchased in the market to cover liabilities associated with landfill operations. Carbon credits allocated as a non-exchange transaction are initially recognised at fair value, which then becomes the deemed cost. Carbon credits that are purchased are recognised at cost.

Gains and losses arising from disposal of intangible assets are recognised within surplus or deficit in the period in which the transaction occurs. Intangible assets are reviewed at least annually to determine if there is any indication of impairment. Where an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported within surplus or deficit.

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## Note 18: Investment properties

Table 32: Investment properties	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Ground leases, other land and buildings</b>				
Opening balance	279,036	258,512	279,036	258,512
Additions by acquisition	-	28	-	28
Disposals	-	(4,100)	-	(4,100)
Fair value revaluation movements taken to surplus/(deficit)	20,614	20,496	20,614	20,496
Transfer (to)/from non-current assets classified as held for sale	-	4,100	-	4,100
Transfer between asset classes	62	-	62	-
<b>Total ground leases, other land and buildings</b>	<b>299,712</b>	<b>279,036</b>	<b>299,712</b>	<b>279,036</b>
<b>Work in progress</b>				
Other land and buildings	396	46	396	46
<b>Total work in progress</b>	<b>396</b>	<b>46</b>	<b>396</b>	<b>46</b>
<b>TOTAL INVESTMENT PROPERTIES</b>	<b>300,108</b>	<b>279,082</b>	<b>300,108</b>	<b>279,082</b>

Wellington City Council's investment properties including the waterfront investment properties were valued as at 30 June 2022 by an independent valuer, William Bunt (FNZIV, FPINZ), registered valuer and Director of Valuation Services for CBRE Limited.

Table 33: Investment property by type	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Ground leases	260,782	236,997	260,782	236,997
Other land and buildings (including WIP)	39,326	42,085	39,326	42,085
<b>TOTAL INVESTMENT PROPERTIES</b>	<b>300,108</b>	<b>279,082</b>	<b>300,108</b>	<b>279,082</b>

Investment properties are properties which are held primarily to earn lease revenue and/or for capital growth. These properties include the Council's ground leases and certain land and buildings.

Ground leases are parcels of land owned by the Council in the central city or on the waterfront that are leased to other parties who own the buildings situated on the land. The leases are generally based on 21-year perpetually renewable terms. As these parcels of land are held for investment purposes the leases are charged on a commercial market basis.

Investment properties exclude those properties held for strategic purposes or to provide a social service. This includes properties which generate cash inflows as the lease revenue is incidental to the purpose for holding the property. Such properties include the Council's social housing assets, which are held within operational assets in property, plant and equipment.

The valuation reports for the revaluations performed as at 30 June 2022 for investment properties contain statements around the risks relating to COVID-19. While the immediate impact of COVID-19 on both the real estate market and construction costs appears to have been limited, the longer-term impact is unknown which has resulted in heightened uncertainty within the valuations.

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The valuation report from CBRE highlight that the market is now in a transitional phase whereby many vendors' expectations are aligned to 2021 pricing levels, yet purchasers are now impacted by interest rates that are significantly higher than those applicable during the same period. Many large-scale purchasers who were active in recent times are now largely inactive. This expectation gap has resulted in a significant drop in the volume of commercial property transactions, and it may be some time (potentially late 2022) before expectations align and transaction volumes increase."

***Relevant significant accounting policies***

The basis of valuation varies depending on the nature of the lease. For sites that are subject to a terminating lease the approach is to assess the value of the lease revenue over the remaining term of the lease and add the residual value of the land at lease expiry.

For sites subject to perpetually renewable leases values have been assessed utilising a discounted cash flow and arriving at a net present value of all future anticipated gross lease payments.

Borrowing costs incurred during the construction of investment property are not capitalised.

Investment properties are measured initially at cost and subsequently measured at fair value, determined annually by an independent registered valuer. Any gain or loss arising is recognised within surplus or deficit. Investment properties are not depreciated.

Certain ground leases on the waterfront and within the CBD have, for accounting purposes, been treated as sold assets due to the very long-term nature of the lease and peppercorn rentals.

At a future point in time, prior to the asset being returned to Council ownership, Council will begin to incrementally re-recognise the value of the asset. The amortisation of the estimated future value will reflect the prevalent economic situation and will be more relevant in terms of both the estimated value and materiality.



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## Note 19: Property, plant and equipment

Table 34: Summary of property, plant and equipment	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Property, plant and equipment - opening balance	8,203,230	7,809,894	8,217,301	7,825,777
Additions	209,153	173,773	210,023	174,416
Disposals	(6,846)	(1,957)	(6,946)	(2,297)
Depreciation expense	(141,135)	(131,658)	(142,217)	(133,299)
Impairment losses	(10,615)	(2,024)	(10,615)	(2,024)
Revaluation movement	1,859,028	284,268	1,859,027	284,267
Transfer between asset classes	(69)	-	(69)	-
Movement of non-current assets held for sale	1,336	(12,387)	1,336	(12,387)
Movement of work in progress	164,164	83,321	164,258	82,848
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>10,278,247</b>	<b>8,203,230</b>	<b>10,292,098</b>	<b>8,217,301</b>

### Relevant significant accounting policies

Property, plant and equipment consists of operational assets, restricted assets and infrastructure assets.

Operational assets include land, the landfill post-closure asset, buildings, the Civic Precinct, the library collection, and plant and equipment.

Restricted assets include art and cultural assets, restricted buildings, parks and reserves, Zoo animals and the Town Belt. These assets provide a benefit or service to the community and in most cases cannot be disposed of because of legal or other restrictions (for example, land declared as a reserve under the Reserves Act 1977.) The use of the asset may also be restricted such as the donated Basin Reserve land which must be retained for the purposes of providing a cricket and recreation ground with no permitted thoroughfare.

Infrastructure assets include the roading network, water, waste and drainage reticulation networks, service concession arrangement assets and infrastructure land (including land under roads). Each asset type includes all items that are required for the network to function.

Vested assets are those assets where ownership and control is transferred to the Council from a third party (eg. infrastructure assets constructed by developers and transferred to the Council on completion of a subdivision). Vested assets are recognised within their respective asset classes as above.

Heritage assets are tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. The Council and Group recognises these assets within these financial statements to the extent their value can be reliably measured.

### Recognition

Expenditure is capitalised as property, plant and equipment when it creates a new asset or increases the economic benefits of an existing asset. Costs that do not meet the criteria for capitalisation are expensed.

### Measurement

Property, plant and equipment is recognised initially at cost, unless acquired for nil or nominal cost (eg. vested assets), in which case the asset is recognised at fair value at the date of transfer. The initial cost of property, plant and equipment includes the purchase consideration (or the fair value in the case of vested assets), and those costs that are directly attributable to bringing the asset into the location and

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condition necessary for its intended purpose. Subsequent expenditure that extends or expands the asset's service potential is capitalised.

Borrowing costs incurred during the construction of property, plant and equipment are not capitalised.

After initial recognition, certain classes of property, plant and equipment are revalued to fair value. Where there is no active market for an asset, fair value is determined by optimised depreciated replacement cost.

Optimised depreciated replacement cost is a valuation methodology where the value of an asset is based on the cost of replacement with an efficient modern equivalent making allowance for obsolescence or surplus capacity. The remaining life of the asset is estimated and straight-line depreciation applied to bring the replacement cost to a fair value.

Specific measurement policies for categories of property, plant and equipment are shown below:

***Library Collections***

Library collections are valued at depreciated replacement cost on a three-year cycle by the Council's library staff in accordance with guidelines outlined in Valuation Guidance for Cultural and Heritage Assets, published by the Treasury Accounting Team, November 2002.

***Operational Land & Buildings***

Operational land and buildings are valued at fair value on a regular basis or, whenever the carrying amount differs materially to fair value, by independent registered valuers. Where the information is available, land and buildings are valued based on market evidence. The majority of Council's land and buildings are of a 'non-tradeable' or specialist nature and the value is based on the fair value of the land plus the optimised depreciated replacement cost of the buildings.

For earthquake prone buildings that are expected to be strengthened, the estimated cost to strengthen the building has been deducted from the optimised depreciated replacement cost.

Buildings that comprise the City Housing portfolio have been valued on a market-based approach with the associated land value being established through analysis of sales and market evidence.

***Restricted assets***

Art and cultural assets (artworks, sculptures and statues) are valued at historical cost. All other restricted assets (buildings, parks and reserves and the Town Belt) were valued at fair value as at 30 June 2005 by an independent registered valuer. The Council has elected to use the fair value of other restricted assets at 30 June 2005 as the deemed cost of the assets. These assets are no longer revalued. Subsequent additions have been recorded at cost.

***Infrastructure assets***

Infrastructure assets (the roading network, water, waste and drainage reticulation networks including service concession arrangement assets (wastewater treatment plants)) are valued at optimised depreciated replacement cost on a regular basis or, whenever the carrying amount differs materially to fair value, by an independent registered valuer. Infrastructure valuations are based on the physical attributes of the assets, their condition and their remaining lives based on Council's best information reflected in its asset management plans. The costs are based on current quotes from actual suppliers. As such, they include ancillary costs such as breaking through seal, traffic control and rehabilitation. Between valuations, expenditure on asset improvements is capitalised at cost.

Infrastructure land (excluding land under roads) is valued on a regular basis or, whenever the carrying amount differs materially to fair value, by an independent registered valuer.

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Land under roads, which represents the corridor of land directly under and adjacent to the Council's roading network, was valued as at 30 June 2005 at the average value of surrounding adjacent land discounted by 50 percent to reflect its restricted nature. The Council elected to use the fair value of land under roads at 30 June 2005 as the deemed cost of the asset. Land under roads is no longer revalued. Subsequent additions have been recorded at cost.

The carrying values of revalued property, plant and equipment are reviewed at the end of each reporting period to ensure that those values are not materially different to fair value.

**Other Assets**

Plant and equipment and the Civic Precinct are measured at historical cost and not revalued.

**Impairment**

The Council's assets are defined as cash generating if the primary purpose of the asset is to provide a commercial return. Non-cash generating assets are assets other than cash generating assets. Property, plant and equipment assets, measured at fair value, are not required to be reviewed and tested for impairment.

The carrying amounts of cash generating property, plant and equipment assets are reviewed at least annually to determine if there is any indication of impairment. Where an asset's, or class of assets', recoverable amount is less than its carrying amount it will be reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an item's fair value less costs to sell and value in use. Losses resulting from impairment are reported within surplus or deficit, unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease and recorded within other comprehensive revenue and expense.

The carrying amounts of non-cash generating property, plant and equipment assets are reviewed at least annually to determine if there is any indication of impairment. Where an asset's, or class of assets', recoverable service amount is less than its carrying amount it will be reported at its recoverable service amount and an impairment loss will be recognised.

The recoverable service amount is the higher of an item's fair value less costs to sell and value in use. A non-cash generating asset's value in use is the present value of the asset's remaining service potential. Losses resulting from impairment are reported within surplus or deficit, unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease and recorded within other comprehensive revenue and expense.

**Disposal**

Gains and losses arising from the disposal of property, plant and equipment are recognised within surplus or deficit in the period in which the transaction occurs. Any balance attributable to the disposed asset in the asset revaluation reserve is transferred to retained earnings.

**Work in progress**

Work in progress represents the cost of capital expenditure projects that are not financially complete. The cost of projects within work in progress is transferred to the relevant asset class when the project is completed and is then subject to depreciation.

The movements according to the individual classes of assets are as follows in *Table 35*

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Table 35: Property, plant and equipment by category and class of asset	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Operational assets</b>				
<b>Land</b>				
Land - at cost - opening balance	3,161	2,205	3,161	2,205
Land - at valuation - opening balance	365,343	284,601	365,343	284,601
<b>Total land - opening balance</b>	<b>368,504</b>	<b>286,806</b>	<b>368,504</b>	<b>286,806</b>
Additions	41	956	41	956
Disposals	(2,425)	(445)	(2,425)	(445)
Revaluation movement	-	85,524	-	85,524
Revaluation adjustment	605	-	605	-
Movements of non-current assets held for sale	(1,217)	(4,337)	(1,217)	(4,337)
<b>Total land - closing balance</b>	<b>365,508</b>	<b>368,504</b>	<b>365,508</b>	<b>368,504</b>
Land - at cost - closing balance	3,202	3,161	3,202	3,161
Land - at valuation - closing balance	362,306	365,343	362,306	365,343
<b>Total land - closing balance</b>	<b>365,508</b>	<b>368,504</b>	<b>365,508</b>	<b>368,504</b>
<b>Buildings</b>				
Buildings - at cost - opening balance	115,761	107,591	115,761	104,300
Buildings - at valuation - opening balance	1,009,833	606,587	1,019,356	618,430
<b>Total cost/valuation</b>	<b>1,125,594</b>	<b>714,178</b>	<b>1,135,117</b>	<b>722,730</b>
Accumulated depreciation and impairment	(327,406)	(91,301)	(332,782)	(95,617)
<b>Total buildings - opening balance</b>	<b>798,188</b>	<b>622,877</b>	<b>802,335</b>	<b>627,113</b>
Additions	19,816	12,329	19,868	12,706
Depreciation expense	(31,461)	(20,542)	(31,646)	(21,008)
Disposals	(2,211)	(265)	(2,543)	(265)
Impairment	(6,289)	(176)	(6,289)	(176)
Revaluation movement	-	198,744	-	198,744
Transfer between asset classes	15,435	(9,749)	15,435	(9,749)
Movements of non-current assets held for sale	(202)	(5,030)	(202)	(5,030)
<b>Total buildings - closing balance</b>	<b>793,276</b>	<b>798,188</b>	<b>796,958</b>	<b>802,335</b>
Buildings - at cost - closing balance	136,410	115,761	136,410	115,761
Buildings - at valuation - closing balance	1,054,698	1,009,833	1,063,322	1,019,356
<b>Total cost/valuation</b>	<b>1,191,108</b>	<b>1,125,594</b>	<b>1,199,732</b>	<b>1,135,117</b>
Accumulated depreciation and impairment	(397,832)	(327,406)	(402,774)	(332,782)
<b>Total buildings - closing balance</b>	<b>793,276</b>	<b>798,188</b>	<b>796,958</b>	<b>802,335</b>
<b>Landfill post closure costs <sup>1</sup></b>				
Landfill post closure - at cost - opening balance	4,404	6,613	4,404	6,613
Accumulated depreciation	(3,541)	(3,280)	(3,541)	(3,280)
<b>Total landfill post closure costs - opening balance</b>	<b>863</b>	<b>3,333</b>	<b>863</b>	<b>3,333</b>
Depreciation expense	(102)	(260)	(102)	(260)
Movement in post closure costs	(553)	(2,210)	(553)	(2,210)
<b>Total landfill post closure costs - closing balance</b>	<b>208</b>	<b>863</b>	<b>208</b>	<b>863</b>
Landfill post closure - at cost - closing balance	3,851	4,404	3,851	4,404
Accumulated depreciation	(3,643)	(3,541)	(3,643)	(3,541)
<b>Total landfill post closure costs - closing balance</b>	<b>208</b>	<b>863</b>	<b>208</b>	<b>863</b>

1. The Council's share of the joint venture with Porirua City Council relating to the Spicer Valley landfill is included in this asset class.

Disposals and transfers are reported net of accumulated depreciation.

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	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
<b>Civic Precinct</b>				
Civic Precinct - at cost - opening balance	182,590	180,303	182,590	180,303
Accumulated depreciation and impairment	(132,317)	(129,217)	(132,317)	(129,217)
<b>Total Civic Precinct - opening balance</b>	<b>50,273</b>	<b>51,086</b>	<b>50,273</b>	<b>51,086</b>
Additions	1,425	2,287	1,425	2,287
Depreciation expense	(1,254)	(1,252)	(1,254)	(1,252)
Disposals	(187)	-	(187)	-
Impairment	-	(1,848)	-	(1,848)
<b>Total Civic Precinct- closing balance</b>	<b>50,257</b>	<b>50,273</b>	<b>50,257</b>	<b>50,273</b>
Civic Precinct - at cost - closing balance	183,635	182,590	183,635	182,590
Accumulated depreciation and impairment	(133,378)	(132,317)	(133,378)	(132,317)
<b>Total Civic Precinct- closing balance</b>	<b>50,257</b>	<b>50,273</b>	<b>50,257</b>	<b>50,273</b>
<b>Plant and equipment</b>				
Plant and equipment - at cost - opening balance	295,203	217,906	315,162	237,613
Accumulated depreciation and impairment	(169,216)	(115,274)	(182,319)	(126,876)
<b>Total plant and equipment - opening balance</b>	<b>125,987</b>	<b>102,632</b>	<b>132,843</b>	<b>110,737</b>
Additions	25,930	23,564	26,746	23,830
Depreciation expense	(16,854)	(23,322)	(17,751)	(24,497)
Disposals	(728)	(726)	(496)	(1,066)
Transfer between asset classes	(16,351)	23,839	(16,351)	23,839
<b>Total plant and equipment - closing balance</b>	<b>117,985</b>	<b>125,987</b>	<b>124,991</b>	<b>132,843</b>
Plant and equipment - at cost	263,887	295,203	284,133	315,162
Accumulated depreciation and impairment	(145,902)	(169,216)	(159,142)	(182,319)
<b>Total plant and equipment - closing balance</b>	<b>117,985</b>	<b>125,987</b>	<b>124,991</b>	<b>132,843</b>
<b>Library collections</b>				
Library collections - at cost - opening balance	1,569	-	1,569	-
Library collections - at valuation - opening balance	15,143	15,143	15,143	15,143
<b>Total cost/valuation</b>	<b>16,712</b>	<b>15,143</b>	<b>16,712</b>	<b>15,143</b>
Accumulated depreciation	(1,863)	-	(1,863)	-
<b>Total library collections - opening balance</b>	<b>14,849</b>	<b>15,143</b>	<b>14,849</b>	<b>15,143</b>
Additions	1,718	1,568	1,718	1,568
Depreciation expense	(2,057)	(1,862)	(2,057)	(1,862)
<b>Total library collections - closing balance</b>	<b>14,510</b>	<b>14,849</b>	<b>14,510</b>	<b>14,849</b>
Library collections - at cost - closing balance	1,718	1,569	1,718	1,569
Library collections - at valuation - closing balance	16,711	15,143	16,711	15,143
<b>Total cost/valuation</b>	<b>18,429</b>	<b>16,712</b>	<b>18,429</b>	<b>16,712</b>
Accumulated depreciation	(3,919)	(1,863)	(3,919)	(1,863)
<b>Total library collections - closing balance</b>	<b>14,510</b>	<b>14,849</b>	<b>14,510</b>	<b>14,849</b>
<b>Total operational assets</b>	<b>1,341,744</b>	<b>1,358,664</b>	<b>1,352,432</b>	<b>1,369,667</b>

Disposals and transfers are reported net of accumulated depreciation.

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	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Infrastructure assets</b>				
<b>Drainage, waste and water</b>				
Drainage, waste and water - at cost - opening balance	79,225	-	79,225	-
Drainage, waste and water - at valuation - opening balance	3,944,936	3,947,514	3,944,936	3,947,514
Total cost/valuation	4,024,161	3,947,514	4,024,161	3,947,514
Accumulated depreciation	(2,132,975)	(2,083,716)	(2,132,975)	(2,083,716)
Total drainage, water and waste - opening balance	1,891,186	1,863,798	1,891,186	1,863,798
Additions	110,659	79,478	110,659	79,478
Depreciation expense	(53,295)	(49,257)	(53,295)	(49,257)
Revaluation movement	1,548,475	-	1,548,475	-
Transfer between asset classes	848	(2,833)	848	(2,833)
<b>Total drainage, water and waste - closing balance</b>	<b>3,497,873</b>	<b>1,891,186</b>	<b>3,497,873</b>	<b>1,891,186</b>
Drainage, waste and water - at cost - closing balance	109,934	79,225	109,934	79,225
Drainage, waste and water - at valuation - closing balance	7,531,028	3,944,936	7,531,028	3,944,936
Total cost/valuation	7,640,962	4,024,161	7,640,962	4,024,161
Accumulated depreciation	(4,143,089)	(2,132,975)	(4,143,089)	(2,132,975)
<b>Total drainage, water and waste - closing balance</b>	<b>3,497,873</b>	<b>1,891,186</b>	<b>3,497,873</b>	<b>1,891,186</b>
<b>Roading</b>				
Roading - at cost - opening balance	50,828	-	50,828	-
Roading - at valuation - opening balance	1,904,216	1,915,727	1,904,216	1,915,727
Total cost/valuation	1,955,044	1,915,727	1,955,044	1,915,727
Accumulated depreciation	(651,020)	(617,817)	(651,020)	(617,817)
Total roading - opening balance	1,304,024	1,297,910	1,304,024	1,297,910
Additions	38,203	50,829	38,203	50,829
Depreciation expense	(34,258)	(33,282)	(34,258)	(33,282)
Revaluation movement	292,910	-	292,910	-
Transfer between asset classes	-	(11,433)	-	(11,433)
<b>Total roading - closing balance</b>	<b>1,600,879</b>	<b>1,304,024</b>	<b>1,600,879</b>	<b>1,304,024</b>
Roading - at cost - closing balance	38,203	50,828	38,203	50,828
Roading - at valuation - closing balance	2,470,888	1,904,216	2,470,888	1,904,216
Total cost/valuation	2,509,091	1,955,044	2,509,091	1,955,044
Accumulated depreciation	(908,212)	(651,020)	(908,212)	(651,020)
<b>Total roading - closing balance</b>	<b>1,600,879</b>	<b>1,304,024</b>	<b>1,600,879</b>	<b>1,304,024</b>
<b>Infrastructure land</b>				
Infrastructure land - at cost - opening balance	-	-	-	-
Infrastructure land - at valuation - opening balance	44,177	44,323	44,177	44,323
Total infrastructure land - opening balance	44,177	44,323	44,177	44,323
Additions	4,365	-	4,365	-
Disposals	-	(234)	-	(234)
Impairment	(4,330)	-	(4,330)	-
Revaluation movement	17,038	-	17,038	-
Transfer between asset classes	12	88	12	88
Movements of non-current assets held for sale	(615)	-	(615)	-
<b>Total infrastructure land - closing balance</b>	<b>60,647</b>	<b>44,177</b>	<b>60,647</b>	<b>44,177</b>

Disposals and transfers are reported net of accumulated depreciation.



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	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Infrastructure land - at cost - closing balance	4,635	-	4,635	-
Infrastructure land - at valuation - closing balance	56,012	44,177	56,012	44,177
<b>Total infrastructure land - closing balance</b>	<b>60,647</b>	<b>44,177</b>	<b>60,647</b>	<b>44,177</b>
<b>Land under roads</b>				
Land under roads - at cost - opening balance	2,955,234	2,955,495	2,955,234	2,955,495
Additions	207	3,143	207	3,143
Disposals	(772)	(286)	(772)	(286)
Transfer between asset classes	123	(83)	123	(83)
Movements of non-current assets held for sale	3,343	(3,035)	3,343	(3,035)
<b>Land under roads - closing balance</b>	<b>2,958,135</b>	<b>2,955,234</b>	<b>2,958,135</b>	<b>2,955,234</b>
<b>Total infrastructure assets</b>	<b>8,117,534</b>	<b>6,194,621</b>	<b>8,117,534</b>	<b>6,194,621</b>
<b>Restricted assets <sup>2</sup></b>				
<b>Art and cultural assets</b>				
Art and cultural assets - at cost - opening balance	8,872	8,872	11,211	11,211
Additions	34	-	34	-
Transfer between asset classes	(13)	-	(13)	-
<b>Art and cultural assets - closing balance</b>	<b>8,893</b>	<b>8,872</b>	<b>11,232</b>	<b>11,211</b>
<b>Buildings on restricted land</b>				
Buildings on restricted land - at cost - opening balance	47,381	45,465	47,381	45,465
Accumulated depreciation	(18,266)	(16,385)	(18,266)	(16,385)
Total buildings on restricted land - opening balance	29,115	29,080	29,115	29,080
Additions	3,729	1,739	3,729	1,739
Depreciation expense	(1,854)	(1,881)	(1,854)	(1,881)
Impairment	4	-	4	-
Transfer between asset classes	-	177	-	177
<b>Total buildings on restricted land - closing balance</b>	<b>30,994</b>	<b>29,115</b>	<b>30,994</b>	<b>29,115</b>
Buildings on restricted land - at cost - closing balance	51,164	47,381	51,164	47,381
Accumulated depreciation	(20,170)	(18,266)	(20,170)	(18,266)
<b>Total buildings on restricted land - closing balance</b>	<b>30,994</b>	<b>29,115</b>	<b>30,994</b>	<b>29,115</b>
<b>Parks and reserves</b>				
Parks and reserves - at cost - opening balance	213,309	213,210	213,309	213,210
Additions	3,579	91	3,579	91
Disposals	(10)	(1)	(10)	(1)
Transfer between asset classes	(7,257)	(6)	(7,257)	(6)
Movements of non-current assets held for sale	27	15	27	15
<b>Parks and reserves - closing balance</b>	<b>209,648</b>	<b>213,309</b>	<b>209,648</b>	<b>213,309</b>

2. For restricted assets, valuation at cost means they are not subject to revaluation. Please refer to the relevant significant accounting policies above for a more detailed explanation.

Disposals and transfers are reported net of accumulated depreciation

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	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Town Belt</b>				
Town Belt - at cost - opening balance	89,232	89,232	89,232	89,232
Transfer between asset classes	7,121	-	7,121	-
<b>Town Belt - at cost - closing balance</b>	<b>96,353</b>	<b>89,232</b>	<b>96,353</b>	<b>89,232</b>
<b>Zoo animals</b>				
Zoo animals - opening balance	500	500	500	500
Disposals	(500)	-	(500)	-
<b>Zoo animals - opening balance</b>	<b>-</b>	<b>500</b>	<b>-</b>	<b>500</b>
<b>Total restricted assets</b>	<b>345,888</b>	<b>341,028</b>	<b>348,227</b>	<b>343,367</b>
<b>Work in progress</b>				
Land	1,625	5,015	1,625	5,015
Buildings	291,895	185,209	292,719	185,938
Civic Precinct	3,945	2,933	3,945	2,933
Plant and equipment	71,745	29,509	71,745	29,509
Drainage, waste and water	48,774	44,306	48,774	44,306
Roading	54,723	41,265	54,723	41,265
Other	374	680	374	680
<b>Total work in progress</b>	<b>473,081</b>	<b>308,917</b>	<b>473,905</b>	<b>309,646</b>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>10,278,247</b>	<b>8,203,230</b>	<b>10,292,098</b>	<b>8,217,301</b>

### Revaluation of property, plant and equipment

The Council's operational land and buildings were valued as at 30 June 2021 by William Bunt (FNZIV, FPINZI), registered valuer and Director of Valuation Services for CBRE Limited.

Library collections were valued as at 30 June 2020 by the Council's library staff. The revaluation was carried out in accordance with guidelines outlined in Valuation Guidance for Cultural and Heritage Assets published by the Treasury Accounting Team, November 2002.

Assets are valued at regular intervals by an independent registered valuer or whenever the carrying amount differs materially to fair value. In the years which an asset class is not revalued, the Group assesses whether there has been any material change in the value of that asset class.

The movement in asset values between 30 June 2021 and 30 June 2022 for operational land and building assets was assessed using appropriate indices. The increase in asset value of total property, plant and equipment assets was not considered material by management and accordingly these assets were not revalued for 30 June 2022.

### Infrastructure assets

The drainage, waste and water infrastructure and roading networks and the service concession assets were valued with effect from 30 June 2022 by John Vessey (MIPENZ), Partner of WSP New Zealand Limited. This revaluation would normally be performed in 2022/23 in line with the 3-year cycle. However, due to significant increases in material and labour costs over the last two years an initial assessment indicated the carrying amount of the assets would differ materially from fair value.

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The valuation report for the infrastructure valuation as at 30 June 2022 contain statements around the impacts of Covid 19 such as:

- shrinking capacity due to shortage of skilled labour and supply chain disruptions
- a rising exchange rate leading to higher cost of materials,
- loss of temporary immigrant workers and
- extra health and safety requirements

These factors have contributed to the latest increases in market price and construction costs. The extent of the impacts is uncertain. The indices used in the valuation indicate a conservative cost increase approach, whereas there is evidence to suggest cost increases actually are over and above this amount. It is expected that the relaxation of border restrictions will alleviate labour shortages and drive a moderation in construction costs from late 2022.

### **Infrastructural land**

The infrastructure land assets were valued as at 30 June 2022 by William Bunt (FNZIV, FPINZI), registered valuer and Director of Valuation Services for CBRE Limited. While not likely to differ greatly to fair value they were revalued to maintain alignment with the early revaluation of infrastructure networks.

The valuation report for the revaluations performed as at 30 June 2022 for infrastructural land assets contain statements around the risks relating to COVID-19. While the immediate impact of COVID-19 on both the real estate market and construction costs appears to have been limited, the longer-term impact is unknown which has resulted in heightened uncertainty within the valuations.

The valuation report from CBRE highlight that the market is now in a transitional phase whereby many vendors' expectations are aligned to 2021 pricing levels, yet purchasers are now impacted by interest rates that are significantly higher than those applicable during the same period. Many large-scale purchasers who were active in recent times are now largely inactive. This expectation gap has resulted in a significant drop in the volume of commercial property transactions, and it may be some time (potentially late 2022) before expectations align and transaction volumes increase.

Further information on revaluation reserves and movements is contained in Note 27: Revaluation reserves (pg XX).

### ***Significant acquisitions and replacements of assets***

In accordance with the provisions of Schedule 10 of the Local Government Act 2002, information in respect of significant acquisitions and replacements of assets is reported within the Statements of Service Provision.

### ***Service concession arrangements***

The Council's service concession assets consist of the Moa Point treatment plant, including the sludge dewatering plant at Carey's Gully, and Western (Karori) wastewater treatment plant. These facilities are owned by the Council, and included within infrastructure assets, but operated by Veolia Water under a contract with Wellington Water Limited. The contract also covers the Porirua wastewater treatment plant which is operating under a joint operation with Porirua City Council.

The Council incurs all associated operating expenses through the on-charged costs paid to Wellington Water Limited.

The Council has a contract with Veolia Water, which covers the wastewater treatment plants of Wellington, Porirua and Hutt City councils. The contract expires 30 June 2030 with two rights of renewal for further subsequent terms of three and two years respectively.

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The carrying value of these service concession assets for the Council and Group is \$155.062m (2021: \$121.584m).

**Core Assets**

Included within the infrastructure assets above (Table 35) are the core Council assets shown as follows in Table 36.

Table 36: Council's core assets	2022			
	Closing book value	Constructed Additions	Vested Additions	Replacement Cost
	\$000	\$000	\$000	\$000
<b>Water supply</b>				
- treatment plants and facilities				
- other assets	876,576	9,765	503	1,943,886
<b>Sewerage</b>				
- treatment plants and facilities	177,583	2,674	-	296,070
- other assets	1,274,888	16,243	73,115	3,058,648
<b>Stormwater drainage</b>	1,168,826	7,701	661	2,317,584
<b>Flood protection and control works</b>	-	-	-	-
<b>Roads and footpaths</b>	1,600,879	37,369	834	2,509,091
<b>TOTAL CORE ASSETS</b>	<b>5,098,752</b>	<b>73,752</b>	<b>75,112</b>	<b>10,125,278</b>
	2021			
	Closing book value	Constructed Additions	Vested Additions	Replacement Cost
	\$000	\$000	\$000	\$000
<b>Water supply</b>				
- treatment plants and facilities	-	-	-	-
- other assets	500,285	36,360	2,735	1,136,474
<b>Sewerage</b>				
- treatment plants and facilities	143,877	253	-	231,502
- other assets	636,993	23,149	923	1,319,448
<b>Stormwater drainage</b>	610,032	14,825	1,233	1,189,585
<b>Flood protection and control works</b>	-	-	-	-
<b>Roads and footpaths</b>	1,304,024	46,399	4,430	2,015,702
<b>TOTAL CORE ASSETS</b>	<b>3,195,211</b>	<b>120,986</b>	<b>9,321</b>	<b>5,892,711</b>

Drainage, waste, water and roads assets were revalued for the year ending 30 June 2022 by WSP New Zealand Limited as part of a required revaluation due to estimated material movements.

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**Insurance of assets**

Table 37: Insurance of assets	Council	
	2022	2021
	\$000	\$000
Total value of property, plant and equipment	10,278,247	8,203,230
/ess assets (primarily land) excluded from insurance contracts	(4,156,251)	(3,979,373)
Value of assets covered by insurance contracts	<b>6,121,996</b>	<b>4,223,857</b>
The maximum amount to which assets are insured under Council insurance policies	<b>730,706</b>	<b>713,000</b>

In addition to Council's insurance, in the event of natural disaster it is assumed that Central Government will contribute 60 percent towards the rebuild or repair of essential Council owned infrastructure (drainage, waste and water assets) subject to eligibility considerations. Also, the NZTA will contribute approximately 55 percent towards the restoration of qualifying roading assets.

The Council is not covered by any financial risk sharing arrangements in relation to its assets.

An insurance reserve of \$13.836m (2021: \$12.979m) exists to meet the cost of claims that fall below deductible limits under Council insurance policies. The reserve is funded annually through rates. For the year ending 30 June 2022 an amount of \$1.461m (2021: \$1.505m) was added to the reserve. The net cost of claims applied to the reserve during the year amounted to \$0.605m (2021: \$1.017m).

For insurance purposes, Wellington City Council take a "Sum insured" approach to managing most risks, including for damage from a significant natural disaster. This approach recognises the wide-ranging location and type of assets in the portfolio.

We have policies in place for our three main asset classes:

- Below ground infrastructure (declared replacement value \$4.0b pending revaluation),
- Above ground infrastructure (declared replacement value of \$2.3b)
- Housing (declared replacement value \$0.8b).

The declared values are overlaid with the assessed GNS loss estimate for each asset subclasses for a 1–1000-year loss. The assessment is then used to assess the level of insurance required.

The required insurance values are met by cover in place from various sources, including purchased material damage insurance, an internal Insurance reserve, balance sheet headroom (approved via the 2021/31 Long term plan) and a conservative level of assumed promissory allocation of Government funded rebuild capacity.

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## Note 20: Investment in controlled entities

The cost of the Council's investment in controlled entities is reflected in the Council's financial statements as follows in *Table 38*.

Table 38: Cost of Investment in controlled entities	Council	
	2022	2021
	\$000	\$000
Wellington Cable Car Limited	3,809	3,809
Wellington Regional Economic Development Agency Limited (WREDA)	1,262	1,262
<b>TOTAL COST OF INVESTMENT IN CONTROLLED ENTITIES</b>	<b>5,071</b>	<b>5,071</b>

The equity investment represents the cost of the investment to the Council and includes all capital contributions made by the Council to controlled entities. The Council has only made equity investments as shareholders as noted in *Table 38* above. Nominal settlement amounts (i.e. \$100) made in respect of Trusts, for which Council is the settlor, have not been recognised due to their materiality and are not considered as equity investments.

Information on inter-company transactions is included in the Note 37: Related party disclosures (pg XX).

The controlled entities of Council are listed as shown in *Table 39*.

Table 39: Controlled entities	Accounting Interest 2022	Accounting Interest 2021	Nature of business
Karori Sanctuary Trust (Trading as Zealandia)	100%	100%	Owns and manages the activities of the urban eco-sanctuary in Karori.
Wellington Cable Car Limited	100%	100%	Owns and operates the Cable Car.
Wellington Museums Trust (Trading as Experience Wellington)	100%	100%	Administers the Cable Car Museum, Capital E, the City Gallery, the Nairn Street Cottage, the Space Place (Carter Observatory), the Wellington Museum and the NZ Cricket Museum
Wellington Regional Economic Development Agency Limited (WREDA) (Trading as WellingtonNZ)	80%	80%	Manages the Wellington Venues Project and create economic and social benefit by marketing the city with the private sector as a tourism destination.
- Creative HQ Limited	80%	80%	Business incubators
Wellington Waterfront Limited	100%	100%	Acts as bare trustee for the Waterfront project
Wellington Zoo Trust	100%	100%	Manages and guides the future direction of the Wellington Zoo.

The reporting period end date for all controlled entities is 30 June. Full copies of their financial statements can be obtained directly from their offices. Further information on the structure, objectives, the nature and scope of activities, and the performance measures and targets of the entities can be found in the relevant sections of the Statements of Service Provision.



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## Note 21: Investment in associates and joint venture

The cost of the Council's investment in associates and the joint venture is reflected in the Council financial statements as follows in *Table 40*.

Table 40: Cost of investment in associates and joint venture	Council	
	2022	2021
	\$000	\$000
Chaffers Marina Holdings Limited	1,298	1,298
Wellington International Airport Limited	17,775	17,775
Wellington Water Limited	400	400
<b>TOTAL COST OF INVESTMENT IN ASSOCIATES AND JOINT VENTURE</b>	<b>19,473</b>	<b>19,473</b>

The Council has significant influence over the following entities as listed in *Table 41*. All of these are domiciled and operate in New Zealand:

Table 41: Associates and Joint venture	Accounting Interest 2022	Accounting Interest 2021	Nature of business
Chaffers Marina Holdings Limited	10.72%	10.72%	Holding company for Chaffers Marina Limited.
- Chaffers Marina Limited	10.72%	10.72%	Owns and manages the marina.
Wellington International Airport Limited	34%	34%	Owns and manages Wellington International Airport facilities and services.
Wellington Water Limited	40.00%	40.00%	Manages all water services for Wellington, Lower Hutt, Upper Hutt and Porirua city councils, the South Wairarapa District Council and the Greater Wellington Regional Council.

Full copies of the separately prepared financial statements can be obtained directly from their respective offices.

### Associates

#### Chaffers Marina

Chaffers Marina Holdings Limited and Chaffers Marina Limited have a reporting period end date of 30 June. The shares in Chaffers Marina Holdings Limited are held by Wellington Waterfront Limited in a fiduciary capacity. As at 30 June 2022 Council held a 10.72 percent (2021: 10.72 percent) interest in Chaffers Marina Holdings Limited which has been recognised in the Group financial statements on an equity accounting basis, reflecting the special rights (as set out in Chaffers Marina Limited's Constitution), which attach to the golden share that it holds in Chaffers Marina Limited.

#### Wellington International Airport Limited

Wellington International Airport Limited has a reporting period end date of 31 March. The ultimate majority owner, Infratil Limited, has determined a different end of reporting period to Council, which is legislatively required to use 30 June. The Council owns 34 percent of the company, with the remaining 66 percent

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owned by NZ Airports Limited (which is wholly owned by Infratil Limited). Council agreed on 23 April 2020 to underwrite additional equity, if required. For more information refer to Note 35: Contingencies (pg XX).

**Joint venture**

**Wellington Water Limited**

Wellington Water Limited was jointly created with Hutt City Council on 9 July 2003 to manage the drinking water, wastewater and stormwater assets of the councils. Since its inception it has gradually expanded its operations and now covers six councils in the Wellington region.

The company has a reporting period ending 30 June and has a dual share structure as shown in *Table 42*.

<b>Table 42: Shareholding Councils</b>	<b>Class A shares (voting rights)</b>	<b>Class B Shares (financial entitlements)</b>	<b>Ownership interest</b>
Wellington City	150	200	40%
Hutt City	150	100	20%
Upper Hutt City (from 1/11/2013)	150	40	8%
Porirua City (from 1/11/2013)	150	60	12%
Greater Wellington Regional (from 16/9/2014)	150	75	15%
South Wairarapa District (from 26/9/2019)	150	25	5%
<b>Total shares on issue</b>	<b>900</b>	<b>500</b>	<b>100%</b>

The Council classifies this entity as a joint venture because of the equal sharing of voting rights conferred through the Class A shares and the shareholder's agreement, which constitutes a binding arrangement.

The Class B shares confer the level of contributions and ownership benefits of each council. The Council uses equity accounting to recognise its 40 percent (2021: 40 percent) ownership interest.

**Value of the investments**

The investment in associates and the joint venture in the Group financial statements represents the Council's share of the net assets of the associates and the joint venture. This is reflected in the Group financial statements as follows in *Table 43*:

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Table 43: Value of investment in associates and joint venture	Council	
	2022 \$000	2021 \$000
<b>Chaffers Marina Holdings Limited</b>		
Opening balance	856	363
Change in shares during the year	-	441
Change in equity due to changed shareholding	-	-
Equity accounted earnings of associate	(44)	52
<b>Closing balance - investment in Chaffers Marina Holdings Limited</b>	<b>812</b>	<b>856</b>
<b>Wellington International Airport Limited</b>		
Opening balance	231,589	209,986
Dividends	-	-
Equity accounted earnings of associate	958	(4,183)
Share of net revaluation of property, plant and equipment - movement	21,536	26,359
Share of hedging reserve - movement	1,167	(573)
<b>Closing balance - investment in Wellington International Airport Limited</b>	<b>255,250</b>	<b>231,589</b>
<b>Wellington Water Limited</b>		
Opening balance	847	607
Change in equity due to changed shareholding	-	-
Equity accounted earnings of joint venture	1,299	240
<b>Closing balance - investment in Wellington Water Limited</b>	<b>2,146</b>	<b>847</b>
<b>TOTAL VALUE OF INVESTMENT IN ASSOCIATES AND JOINT VENTURE</b>	<b>258,207</b>	<b>233,292</b>

The Council's share of the operating surplus or deficit results of the Chaffers Marina Holdings Limited, Wellington International Airport Limited and Wellington Water Limited is outlined in Note 9: Share of Associates' and Joint Venture's surplus or deficit (pg XX).

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**Summary of Financial Position and Performance of associates**

Financial information relating to the Council's associates is provided in *Tables 44* and *45* below:

<b>Table 44: Chaffers Marina Holdings Limited</b>	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
<b>Council</b>		
Investment in Chaffers Marina Holdings Limited (at cost)	1,298	1,298
<b>Group</b>		
<b>Summarised financial information of associate</b>		
Current assets	963	1,393
Non-current assets	5,050	4,788
Current liabilities	(235)	(182)
Non-current liabilities	(2,317)	(2,125)
<b>Net assets</b>	<b>3,461</b>	<b>3,874</b>
Revenue	1,773	2,093
Tax expense	-	-
Surplus / (deficit) after tax	(403)	437
Other comprehensive revenue and expense	-	-
<b>Total comprehensive revenue and expense</b>	<b>(403)</b>	<b>437</b>
<b>Reconciliation to equity accounted carrying amount</b>		
Net assets	3,461	3,874
Group's share %	10.72%	10.72%
	-	-
Group's share \$000	371	415
Other consolidation adjustments	441	441
<b>Equity accounted carrying amount</b>	<b>812</b>	<b>856</b>
<b>Risks associated with the Council's investment in the associate</b>		
Share of contingent liabilities	-	-

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<b>Table 45: Wellington International Airport Limited</b>	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
<b>Council</b>		
Investment in Wellington International Airport Limited (at cost)	17,775	17,775
<b>Group</b>		
Dividends received	-	-
<b>Summarised financial information of associate</b>		
Current assets	55,975	96,806
Non-current assets	1,474,737	1,399,164
Current liabilities	(17,623)	(117,977)
Non-current liabilities	(762,496)	(705,266)
<b>Net assets</b>	<b>750,593</b>	<b>672,727</b>
Revenue	95,577	68,787
Tax credit /(expense)	(2,474)	12,404
		-
Surplus / (deficit) after tax	3,043	(48,120)
Other comprehensive revenue and expense	75,048	79,573
<b>Total comprehensive revenue and expense</b>	<b>78,091</b>	<b>31,453</b>
<b>Reconciliation to equity accounted carrying amount</b>		
Net assets	750,593	672,727
Group's share %	34%	34%
Group's share \$000	255,202	228,727
Dividends received not in WIAL annual report	-	-
Difference on adoption of IFRS 9	46	2,860
Other consolidation adjustments	2	2
Equity accounted carrying amount	<b>255,250</b>	<b>231,589</b>
<b>Risks associated with the Council's investment in the associate</b>		
Share of contingent liabilities	-	-

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**Summary of Financial Position and Performance of joint venture**

Financial information relating to the Council's joint venture is provided in *Table 46* below:

<b>Table 46: Wellington Water Limited</b>	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
<b>Council</b>		
Investment in Wellington Water Limited (at cost)	400	400
<b>Group</b>		
<b>Summarised financial information of joint venture</b>		
Current assets		
Cash and cash equivalents	21,241	29,959
Other current assets	34,309	22,754
<b>Total current assets</b>	<b>55,550</b>	<b>52,713</b>
Non-current assets		
Financial liabilities (excluding accounts payable)	-	-
Other current liabilities	(55,724)	(53,019)
<b>Total current liabilities</b>	<b>(55,724)</b>	<b>(53,019)</b>
Non-current liabilities		
Financial liabilities (excluding accounts payable)	-	-
Other non-current liabilities	(111)	(119)
<b>Total non-current liabilities</b>	<b>(111)</b>	<b>(119)</b>
<b>Net assets</b>	<b>5,363</b>	<b>2,118</b>
Revenue, excluding interest	302,385	226,288
Interest revenue	214	60
Depreciation and amortisation	(1,252)	(1,217)
Interest expense	-	-
Tax expense	-	-
Surplus / (deficit) after tax	3,374	542
Other comprehensive revenue and expense	-	-
<b>Total comprehensive revenue and expense</b>	<b>3,374</b>	<b>542</b>
<b>Reconciliation to equity accounted carrying amount</b>		
Net assets	5,363	2,118
Group's share %	40%	40%
Group's share \$000	2,145	847
Other consolidation adjustments	-	-
<b>Equity accounted carrying amount</b>	<b>2,145</b>	<b>847</b>
<b>Risks associated with the Council's investment in the joint venture</b>		
Shareholder funding commitments for the next three years	-	-
Share of contingent liabilities	-	-



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## Note 22: Exchange transactions, transfers and taxes payable

Table 47: Exchange transactions, transfers and taxes payable	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Current</b>				
Exchange transactions and transfers payable	84,962	71,877	84,502	74,211
Taxes payable	11,134	10,887	11,459	11,211
<b>Non-current</b>				
Exchange transactions and transfers payable	231	231	231	231
<b>TOTAL EXCHANGE TRANSACTIONS, TRANSFERS AND TAXES PAYABLE</b>	<b>96,327</b>	<b>82,995</b>	<b>96,192</b>	<b>85,653</b>

Comprised of:

Table 48: Exchange transactions and transfers payable	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Trade payables and accruals	74,357	64,790	73,897	67,124
Interest payable	5,262	3,729	5,262	3,729
Sundry payables	5,574	3,589	5,574	3,589
<b>Total exchange transactions and transfers payable</b>	<b>85,193</b>	<b>72,108</b>	<b>84,733</b>	<b>74,442</b>

Table 49: Taxes payable	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
GWRC rates	8,063	6,693	8,063	6,693
Other	3,071	4,194	3,396	4,518
<b>Total taxes payable</b>	<b>11,134</b>	<b>10,887</b>	<b>11,459</b>	<b>11,211</b>
<b>TOTAL EXCHANGE TRANSACTIONS, TRANSFERS AND TAXES PAYABLE</b>	<b>96,327</b>	<b>82,995</b>	<b>96,192</b>	<b>85,653</b>

**COVID-19:** On 9 April 2020, Council agreed to proactively support business cashflows by temporarily changing its terms of trade payment dates. This reduced the payment timeframes for payments to suppliers who provide goods and services to the Council down from 20 to 5 working days for valid authorised invoices. This practice is still in place as at 30 June 2022 to ensure that suppliers were able to maintain their own cashflows by receiving prompt payment.

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Table 50: Exchange transactions, transfers and payable to related parties	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Controlled entities	3,539	1,769	-	-
Associates and jointly controlled entity	2,763	14,397	2,763	14,397
<b>Total exchange transactions, transfers and payable to related parties</b>	<b>6,302</b>	<b>16,166</b>	<b>2,763</b>	<b>14,397</b>

Payables under exchange transactions, transfers and taxes payable are non-interest bearing and are normally settled on terms varying between seven days and the 20th of the month following the invoice date. Most of Council's payables are exchange transactions as they are directly with another party on an arm's length basis and are of approximately equal value. Non-exchange payables are classified as either transfers payable (eg. Council grants) or taxes (eg. PAYE).

### Note 23: Deferred revenue

Table 50: Deferred revenue	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Exchange transactions</b>				
Lease rentals	2,051	2,088	2,051	2,088
Other	40	495	7,115	5,077
<b>Transfers</b>				
Wellington Venues operations	1,637	1,176	1,637	1,176
Inspection and licensing fees	5,983	4,791	5,983	4,791
Other	1,055	1,207	1,168	1,340
<b>Taxes</b>				
Rates	2,078	2,014	2,078	2,014
<b>Liabilities recognised under conditional transfer agreements</b>	<b>3,826</b>	<b>9,113</b>	<b>5,613</b>	<b>10,047</b>
<b>TOTAL DEFERRED REVENUE</b>	<b>16,670</b>	<b>20,884</b>	<b>25,645</b>	<b>26,533</b>

#### Relevant significant accounting policies

##### Liabilities recognised under conditional transfer agreements

Council and the Group have received non-exchange transfer monies for specific purposes, which apply to periods beyond the current year, with conditions that would require the return of the monies if they were not able to fulfil the agreement. The revenue from these agreements will only be recognised as the conditions are fulfilled over time.

These liabilities relate to:

- naming rights agreement that Council has with third parties for buildings.
- various grants

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## Note 24: Borrowings

The Council maintains a prudent borrowings position in relation to our equity and annual revenue. Borrowings are primarily used to fund the purchase of new assets or upgrades to existing assets that are approved through the Annual Plan and Long-Term Plan processes.

### Gross Borrowings

The gross borrowings, based on maturity, are comprised as follows in *Table 52* below:

Table 52: Gross borrowings	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Current</b>				
Bank loans - term	1	23	1	23
Commercial paper	68,000	68,000	68,000	68,000
Debt securities - floating rate notes	141,000	86,500	141,000	86,500
Finance leases	-	-	-	21
<b>Total current</b>	<b>209,001</b>	<b>154,523</b>	<b>209,001</b>	<b>154,544</b>
<b>Non-current</b>				
Bank loans - term	10,157	7,129	11,757	7,792
Debt securities - fixed rate bonds	105,000	105,000	105,000	105,000
Debt securities - floating rate notes	717,000	642,000	717,000	642,000
Debt securities - floating rate notes - Green	30,000	-	30,000	-
<b>Total non-current</b>	<b>862,157</b>	<b>754,129</b>	<b>863,757</b>	<b>754,792</b>
<b>TOTAL GROSS BORROWINGS</b>	<b>1,071,158</b>	<b>908,652</b>	<b>1,072,758</b>	<b>909,336</b>

### Net Borrowings

When the cash position of Council and the Group is taken into account, the net borrowings position is comprised as follows in *Table 53* below.

Table 53: Net borrowings	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Total gross borrowings	1,071,158	908,652	1,072,758	909,336
<b>Less</b>				
Cash and cash equivalents (see Note 11)	(26,575)	(84,349)	(40,727)	(103,542)
Term deposits > 3 months	(101,000)	(61,500)	(107,700)	(62,602)
<b>TOTAL NET BORROWINGS</b>	<b>943,583</b>	<b>762,803</b>	<b>924,331</b>	<b>743,192</b>

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The Council's borrowing strategy is to minimise liquidity risk by avoiding concentration of debt maturity dates and to ensure there is long term access to funds. Further information on the liquidity and market risks associated with borrowings is contained in Note 33: Financial instruments (pg XX).

Table 54, as follows, shows the utilisation of the borrowing facilities available to the Group at the end of the reporting period. The table also indicates the current applicable maturity and interest rate ranges.

Table 54: Group borrowing facilities	Available	Utilised	Maturities	Interest
	2022	2022		Rate Range
	\$000	\$000		%
Bank overdraft - committed	1,900	-		
Bank facilities - short term - uncommitted	5,000	-		
Bank facilities - long term - committed	210,000	-		
Bank loans - term	11,758	11,758	2023 - 2057	3.000
Commercial paper	68,000	68,000	09/8/2022 - 16/9/2022	2.154 - 2.790
Debt securities - fixed rate bonds	105,000	105,000	31/7/2023 - 14/4/2033	1.050 - 5.365
Debt securities - floating rate notes	858,000	858,000	15/8/2022 - 16/4/2033	1.660 - 2.860
Debt securities - floating rate notes - Green	30,000	30,000	15/10/2030	1.910
<b>Total</b>	<b>1,289,658</b>	<b>1,072,758</b>		

- The bank overdraft facilities are \$1.500m for Council and \$0.400m for WREDA.
- In addition to the above facilities, Council operates purchase cards to efficiently facilitate the purchase of goods and services. The cards are paid in full on a monthly basis. An aggregate bank limit of \$2.000m for all cards applies across Council.

### Security

Borrowings are secured by way of a Debenture Trust Deed over the Council's rates revenue.

### Internal Borrowings

Council borrows on a consolidated level and as such does not use internal borrowing and therefore does not prepare internal borrowing statements.

### Ring-fenced funds

The Council holds \$80.486m (2021: \$66.596m) of funds that may only be used for a specified purpose. These funds are not held in cash but are utilised against borrowings until required. The main specified uses for these funds are as follows:

#### City Housing

As part of the agreement with the Crown for the Housing Upgrade Project an amount of \$66.806m (2021: \$53.632m), representing the accumulated surpluses and deficits from the City Housing activity, has been ring-fenced for future investment in the Council's social housing assets.

#### Waste reduction and energy

An amount of \$13.679m (2021: \$12.964m) related to accumulated surpluses and deficits from the Waste Reduction and Energy Conservation activity which, under the Waste Minimisation Act 2008, must be ring-fenced for future investment in waste activities. Council is committed to a number of waste minimisation projects that will utilise these funds.

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## Note 25: Employee benefit liabilities and provisions

Table 55: Employee benefit liabilities and provisions	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Current</b>				
<b>Short-term benefits</b>				
Payroll accruals	136	108	605	512
Holiday leave	7,704	6,936	9,428	8,461
<b>Total short-term benefits</b>	<b>7,840</b>	<b>7,044</b>	<b>10,033</b>	<b>8,973</b>
<b>Termination benefits</b>				
Other contractual provisions	-	-	-	-
<b>Total termination benefits</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total current</b>	<b>7,840</b>	<b>7,044</b>	<b>10,033</b>	<b>8,973</b>
<b>Non-current</b>				
<b>Long-term benefits</b>				
Long service leave provision	-	-	38	43
Retirement gratuities provision	624	724	624	724
<b>Total long-term benefits</b>	<b>624</b>	<b>724</b>	<b>662</b>	<b>767</b>
<b>TOTAL EMPLOYEE BENEFIT LIABILITIES AND PROVISIONS</b>	<b>8,464</b>	<b>7,768</b>	<b>10,695</b>	<b>9,740</b>

### **Relevant significant accounting policies - general**

A provision for employee benefit liabilities (holiday leave, long service leave and retirement gratuities) is recognised as a liability when benefits are earned but not paid.

### **Holiday leave**

Holiday leave includes annual leave, long service leave, statutory time off in lieu and ordinary time off in lieu. Annual leave is calculated on an actual entitlement basis in accordance with section 21(2) of the Holidays Act 2003. Please refer to Note 35 – Contingencies (page XX) for more information on an unquantified contingent liability relating to holiday pay.

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Movements in specific employee benefit provisions above are analysed in *Tables 56 and 57* below.

Table 56: Other contractual provisions	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Opening balance	-	104	-	127
New provision	-	-	-	-
Release of unused provision	-	-	-	-
Amount utilised	-	(104)	-	(127)
<b>Other contractual provisions - closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Background to Other contractual provisions**

The above provision is to cover estimated redundancy costs, if any, as at 30 June 2022 resulting from current restructuring within the Council.

**Relevant significant accounting policies – Other contractual provisions specific**

Other contractual provisions include termination benefits, which are recognised within surplus or deficit only when there is a demonstrable commitment to either terminate employment prior to normal retirement date or to provide such benefits as a result of an offer to encourage voluntary redundancy. Termination benefits settled within 12 months are reported at the amount expected to be paid, otherwise they are reported as the present value of the estimated future cash outflows.

Table 57: Retirement gratuities provision	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Opening balance	724	764	724	764
Movement in required provision	12	8	12	8
Release of unused provision	(4)	-	(4)	-
Rediscounting of interest	2	1	2	1
Amount utilised	(110)	(49)	(110)	(49)
<b>Retirement gratuities - closing balance</b>	<b>624</b>	<b>724</b>	<b>624</b>	<b>724</b>

**Background to the retirement gratuity provision**

The Council's retirement gratuities provision is a contractual entitlement for a reducing number of employees who, having qualified with 10 years' service will, on retirement, be entitled to a payment based on years of service and current salary. This entitlement has not been offered to Council employees since 1991. Based on the age of remaining participants the provision may not be extinguished until 2037, assuming retirement at age 65.

**Relevant significant accounting policies – retirement gratuities provision specific**

Retirement gratuities are calculated on an actuarial basis based on the likely future entitlements accruing to employees, after taking into account years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and other contractual entitlements information.



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### Estimation

The gross retirement gratuities provision (inflation adjusted at 1.90 percent) as at 30 June 2022, before discounting, is \$0.689m (2021: \$0.770m). The discount factor of 3.88 percent is based on the Treasury risk-free rate.

## Note 26: Provisions for other liabilities

Table 58: Provisions for other liabilities	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Current</b>				
Landfill post closure costs	728	1,798	728	1,798
Weathertight homes	4,753	481	4,753	481
<b>Total current</b>	<b>5,481</b>	<b>2,279</b>	<b>5,481</b>	<b>2,279</b>
<b>Non-current</b>				
Landfill post closure costs	17,843	17,810	17,843	17,810
Weathertight homes	19,853	32,680	19,853	32,680
<b>Total non-current</b>	<b>37,696</b>	<b>50,490</b>	<b>37,696</b>	<b>50,490</b>
<b>TOTAL PROVISIONS FOR OTHER LIABILITIES</b>	<b>43,177</b>	<b>52,769</b>	<b>43,177</b>	<b>52,769</b>

### Relevant significant accounting policies - general

Provisions are recognised for future liabilities of uncertain timing or amount when there is a present obligation as a result of a past event, it is probable that expenditure will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are measured at the expenditure expected to be required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value.

Movements in material provisions above are analysed in the *Tables 59 and 60* below.

Table 59: Landfill post closure costs	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Opening balance	19,608	21,795	19,608	21,795
Movement in provision	(763)	(2,179)	(763)	(2,179)
Re-discounting of interest	495	327	495	327
Amount utilised	(769)	(335)	(769)	(335)
<b>Landfill post closure costs - closing balance</b>	<b>18,571</b>	<b>19,608</b>	<b>18,571</b>	<b>19,608</b>

### Background to the Landfill post-closure provision

The Council operates the Southern Landfill (Stage 3) and has a 21.5 percent joint venture interest in the Spicer Valley Landfill. It also manages a number of closed landfill sites around Wellington. The Council has responsibility for the closure of its landfills and to provide ongoing maintenance and monitoring of the landfills after they are closed.

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As part of the closure of landfills, or landfill stages, the Council's responsibilities include:

- final cover application and vegetation.
- incremental drainage control features; and
- completing facilities for post closure responsibilities.

Post closure responsibilities include:

- treatment and monitoring of leachate.
- ground water and surface monitoring.
- gas monitoring and recovery.
- implementation of remedial measures such as needed for cover and control systems; and
- on-going site maintenance for drainage systems, final cover and vegetation.

The management of the landfill will influence the timing of recognition of some liabilities – for example, the Southern Landfill operates in stages. A liability relating to any future stages will only be created when the stage is commissioned and when refuse begins to accumulate in this stage.

The Council, as operator of the Southern Landfill, has a legal obligation to apply for resource consents when the landfill or landfill stages reach the end of their operating life and are to be closed. These resource consents will set out the closure requirements and the requirements for ongoing maintenance and monitoring services at the landfill site after closure.

***Relevant significant accounting policies – Landfill post-closure specific***

A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises, which is when each stage of the landfill is commissioned, and refuse begins to accumulate.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including known changes to legal requirements and known improvements in technology.

Amounts provided for landfill post-closure are capitalised to the landfill asset. The capitalised landfill asset is depreciated over the life of the landfill based on the capacity used.

***Estimations***

The long-term nature of the liability means there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated using known improvements in technology and known changes to legal requirements. Future cash flows are discounted using the Treasury risk free rate of 4.18 percent for open landfills and between 3.69 and 3.68 percent depending on how long landfills have been closed. The gross provision (inflation adjusted at 1.95 percent for open landfills and between 2.03 and 2.13 percent for closed landfills, before discounting, is \$23.009m (2021: \$22.905m). This represents the Council's projection of the amount required to settle the obligation at the estimated time of the cash outflow.

Stage 3 of the Southern Landfill has an estimated remaining capacity of 357,614m<sup>3</sup> (2021: 435,094 m<sup>3</sup>) and is expected to close in 2026 when its resource consent expires. These estimates have been made by the Council's contracted engineers based on expected future and historical volume information.

The Council's provision includes a proportionate share of the Spicer Valley Landfill provision for post closure costs. The Spicer Valley Landfill has a remaining life out to 2053.

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Table 60: Weathertight homes	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Opening balance	33,161	39,361	33,161	39,361
Additional or increased provision made	-	669	-	669
Release of unused provision	(909)	-	(909)	-
Amount utilised	(7,646)	(6,869)	(7,646)	(6,869)
<b>Weathertight homes - closing balance</b>	<b>24,606</b>	<b>33,161</b>	<b>24,606</b>	<b>33,161</b>

**Background to the Weathertight homes provision**

This provision represents the Council's estimated liability relating to the settlement of claims arising in relation to the Weathertight Homes Resolution Services (WHRS) Act 2006 and civil proceedings for weathertightness.

A provision has been recognised for the potential net settlement of all known claims, including those claims that are being actively managed by the Council as well as claims lodged with WHRS but not yet being actively managed. The provision also includes a net amount of \$12.840m (2021: \$11.649m) as a provision for future claims relating to weathertightness issues not yet identified or not yet reported.

**Movement in the provision**

During the year \$7.646m (2021: \$6.869m) was paid as either part or full settlement of claims. \$0.909m was removed from the provision after an actuarial re-assessment of the likely future costs to be incurred as explained below. The current / non-current split above reflects the expected timing of payments but is reassessed each year to take account of delays in claim negotiations and any mediation outcomes.

**Estimation**

The Council has provided for the expected future costs of reported claims. The provision for active claims is based on the best estimate of the Council's expected future costs to settle these claims and is reviewed on a case-by-case basis. The estimate for claims which have been notified and are not yet actively managed and unreported claims is based on actuarial assessments and other information on these claims. The nature of the liability means there are significant inherent uncertainties in estimating the likely costs that will be incurred in the future. This represents the Council's best estimate of the amount required to settle the obligation at the estimated time of the cash outflow. Future cash flows are inflation adjusted and discounted using the Treasury's risk-free rate. The provision is net of any third-party contributions including insurance, where applicable.

The provision is based on best estimates and actuarial assessments and therefore actual costs incurred may vary significantly from those included in this provision, especially for future claims relating to weathertightness issues not yet identified or not yet reported.

The significant assumptions used in the calculation of the weathertight homes provision are as follows:

**Amount claimed**

Represents the expected amount claimed by the homeowner and is based on the actual amounts for claims already settled.

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**Settlement amount**

Represents the expected amount of awarded settlement and is based on the actual amounts for claims already settled.

**Amount expected to be paid by the Council**

Represents the amount expected to be paid by the Council out of any awarded settlement amount and is based on the actual amounts for claims already settled. This figure has been increasing over the last few years as it is becoming more common for the other parties involved in a claim to be either in liquidation or bankrupt or have limited funds and be unable to contribute to settlement.

**Percentage of homeowners who will make a successful claim**

Historical data collected on the number of claims lodged has enabled assumptions to be made on the percentage of homes built in the last 10 years which may experience weathertightness problems and therefore the percentage of homeowner who may make a successful claim.

**Sensitivity**

Table 61 below illustrates the potential impact on surplus or deficit of changes in some of the assumptions listed above.

Table 61: Weathertight provision sensitivity		2022	
		\$000	
		+10%	-10%
Assumption		Surplus or Deficit	
Amount claimed		2,461	(2,461)
Settlement level award		2,461	(2,641)
Council contribution to settlement		2,461	(2,641)
Change in percentage of homeowners who will make a successful claim		1,284	(1,284)
		+2%	-2%
Assumption		Surplus or Deficit	
Discount rate		(1,847)	2,163

**Funding of weathertight homes settlements**

Council uses borrowings in the first instance to meet the cost of settlements with the associated borrowings subsequently being repaid through rates funding. To ensure that the funding of weathertight homes is fully transparent the associated settlement costs, borrowings and rates funding is reported annually.

Table 62: Funding for weathertight homes liability	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Opening balance	(37,475)	(32,928)	(37,475)	(32,928)
Rates funding for weathertight homes liability	4,686	3,950	4,686	3,950
Total amounts paid	(7,646)	(6,869)	(7,646)	(6,869)
Interest allocation	(1,058)	(1,628)	(1,058)	(1,628)
<b>Closing balance funded through borrowings</b>	<b>(41,493)</b>	<b>(37,475)</b>	<b>(41,493)</b>	<b>(37,475)</b>

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## Note 27: Deferred tax

### Recognised temporary differences and tax losses

Table 63: Deferred tax assets and liabilities	Group	
	2022	2021
	\$000	\$000
<b>Opening balance</b>		
Property, plant and equipment	(893)	(709)
Intangible assets	(8)	6
Employee entitlements	169	179
Other provisions	9	12
Tax losses	43	204
<b>Total opening balance</b>	<b>(680)</b>	<b>(308)</b>
<b>Charged to surplus or deficit</b>		
Property, plant and equipment	(167)	(184)
Intangible assets	4	(14)
Employee entitlements	22	(10)
Other provisions	(3)	(3)
Tax losses	234	(161)
<b>Total charged to surplus or deficit</b>	<b>90</b>	<b>(372)</b>
<b>Closing balance</b>		
Property, plant and equipment	(1,060)	(893)
Intangible assets	(4)	(8)
Employee entitlements	191	169
Other provisions	6	9
Tax losses	277	43
<b>TOTAL CLOSING BALANCE</b>	<b>(590)</b>	<b>(680)</b>

### Unrecognised tax losses

Under current income tax legislation, the unrecognised tax losses do not expire.

There is an unrecognised deferred tax asset in respect of the tax losses for the Council of \$0.108m (2021: \$0.184m).

Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profits will be available against which the benefit of the losses can be utilised.

### Relevant significant accounting policies

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the assets and liabilities, and the unused tax losses using tax rates enacted or substantively enacted at the end of the reporting period. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised.

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## Statement of changes in equity

Table 64: Statement of Changes in Equity For the year ended 30 June 2022		Council			Group	
		Actual 2022 \$000	Budget 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
	Note					
<b>EQUITY - Opening balances</b>						
Accumulated funds		1,269,134	1,269,134	1,269,134	1,293,162	1,293,162
Retained earnings		3,815,363	3,759,368	3,809,762	3,822,663	3,821,257
Revaluation reserves		2,631,206	2,415,427	2,348,061	2,830,205	2,520,701
Hedging reserve		(47,022)	(107,041)	(107,041)	(47,641)	(107,087)
Fair value through other comprehensive revenue and expense reserve		6,029	5,085	5,085	6,656	6,100
Non-controlling interest		-	-	-	781	284
Restricted funds		18,985	16,182	16,182	23,358	20,027
<b>TOTAL EQUITY - Opening balance</b>		<b>7,693,695</b>	<b>7,358,155</b>	<b>7,341,183</b>	<b>7,929,184</b>	<b>7,554,444</b>
<b>CHANGES IN EQUITY</b>						
<b>Retained earnings</b>						
Net surplus / (deficit) for the year		87,435	15,667	7,457	88,621	4,287
Transfer to restricted funds		(3,359)	(3,346)	(6,760)	(3,462)	(7,990)
Transfer from restricted funds		2,718	3,358	3,957	2,948	4,659
Transfer from revaluation reserves		1,210	-	947	1,210	947
Transfer to non-controlling interest		-	-	-	(16)	(497)
<b>Revaluation reserves</b>	<b>28</b>					
Fair value movement - property, plant and equipment - net		1,854,026	-	284,092	1,875,561	310,451
Transfer to retained earnings		(1,210)	-	(947)	(1,210)	(947)
<b>Hedging reserve</b>	<b>29</b>					
Movement in hedging reserve		104,646	-	60,019	105,813	59,446
<b>Fair value through other comprehensive revenue and expense reserve</b>	<b>30</b>					
Movement in fair value - Equity investments		825	-	944	854	944
Movement in fair value - Available for sale equities		-	-	-	473	(388)
<b>Non-controlling interest</b>						
Transfer from retained earnings		-	-	-	16	497
<b>Restricted funds</b>	<b>31</b>					
Transfer to retained earnings		(2,718)	(3,358)	(3,957)	(2,948)	(4,659)
Transfer from retained earnings		3,359	3,346	6,760	3,462	7,990
<b>Total comprehensive revenue and expense</b>		<b>2,046,932</b>	<b>15,667</b>	<b>352,512</b>	<b>2,071,322</b>	<b>374,740</b>



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Table 64: Statement of Changes in Equity For the year ended 30 June 2022		Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2022	2022	2021	2022	2021
	Note	\$000	\$000	\$000	\$000	\$000
<b>EQUITY - Closing balances</b>						
Accumulated funds		1,269,134	1,269,134	1,269,134	1,293,162	1,293,162
Retained earnings		3,903,366	3,775,023	3,815,363	3,911,964	3,822,663
Revaluation reserves		4,484,022	2,415,427	2,631,206	4,704,556	2,830,205
Hedging reserve		57,624	(107,041)	(47,022)	58,172	(47,641)
Fair value through other comprehensive revenue and expense reserve		6,854	5,085	6,029	7,983	6,656
Non-controlling interest		-	-	-	797	781
Restricted funds		19,626	16,194	18,985	23,872	23,358
<b>TOTAL EQUITY - Closing balance</b>		<b>9,740,626</b>	<b>7,373,822</b>	<b>7,693,695</b>	<b>10,000,506</b>	<b>7,929,184</b>
<b>Total comprehensive revenue and expense attributable to:</b>						
Wellington City Council and Group		2,046,932	15,667	352,512	2,071,400	374,589
Non-controlling interest				-	(78)	151
		<b>2,046,932</b>	<b>15,667</b>	<b>352,512</b>	<b>2,071,322</b>	<b>374,740</b>

The notes on pg XX to XX form part of and should be read in conjunction with the financial statements

## Statement of changes in equity – Major budget variations

### Significant variations from budgeted changes in equity are as follows:

Opening equity is \$355.540m over budget. This is largely due to:

- \$215.779m increase in Revaluation Reserve due to higher than budgeted revaluation of Property, plant and equipment in 2020/21.
- \$60.019m reduction in Hedging Reserve due to the fair value movement in Cash flow hedges in 2020/21.
- \$55.995m increase in Retained earnings due to a higher surplus than budgeted in 2020/21.

Changes in equity were \$2,031.265m higher than budget with major variances of:

- \$1,854.026m increase in Revaluation Reserve due to the revaluation of Infrastructure assets that were scheduled for revaluation on 30 June 2023.
- \$72.325m increase in Retained earnings due to higher net surplus than budgeted. Mainly due to unbudgeted Vested assets revenue of \$82.488m.
- \$104.646m increase in Hedging reserve due to favourable movement in swap interest rates.

Closing equity is \$2,366.804m higher than budget with major variances of:

- \$2,068.595m higher Revaluation reserve due to the \$1,854.026m high revaluation and the flow-on effect of the \$215.779m higher opening reserve balance.
- \$164.665m higher Hedging reserve following a \$104.646m favourable movement in swap interest rates.
- \$128.234m higher Retained earnings from the higher net surplus above and the flow on effect of the \$55.995m higher opening balance.

## Equity

Equity is the community's interest in the Council and Group and is measured as the difference between total assets and total liabilities. Equity is broken down and classified into a number of components:

- accumulated funds and retained earnings
- revaluation reserves
- hedging reserve
- fair value through other comprehensive revenue and expense reserve; and
- restricted funds.

Restricted funds are those reserves that are subject to specific conditions of use, whether under statute or accepted as binding by the Council, and that may not be revised without reference to the Courts or third parties. Transfers from these reserves may be made only for specified purposes or when certain specified conditions are met.

### ***Equity management***

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets but does not expect them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, the Council has asset management plans in place for major classes of assets, detailing renewal and programmed maintenance. These plans ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long-Term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

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## Note 28: Revaluation reserves

Table 64: Revaluation reserves	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
<b>Land - opening balance</b>	288,200	203,103	288,200	203,103
Revaluation recognised in other comprehensive revenue and expense	-	85,524	-	85,524
Transfer to retained earnings due to disposal of assets	(579)	(427)	(579)	(427)
Revaluations adjustment	605	-	605	-
<b>Land - closing balance</b>	<b>288,226</b>	<b>288,200</b>	<b>288,226</b>	<b>288,200</b>
<b>Buildings - opening balance</b>	515,432	316,901	515,432	316,901
Revaluation recognised in other comprehensive revenue and expense	-	198,744	-	198,744
Revaluation adjustment	(4,955)	(176)	(4,955)	(176)
Transfer between assets classes	-	261	-	261
Transfer to retained earnings due to disposal of assets	(631)	(298)	(631)	(298)
<b>Buildings - closing balance</b>	<b>509,846</b>	<b>515,432</b>	<b>509,846</b>	<b>515,432</b>
<b>Library collections - opening balance</b>	8,592	8,592	8,592	8,592
Revaluation recognised in other comprehensive revenue and expense	-	-	-	-
<b>Library collections - closing balance</b>	<b>8,592</b>	<b>8,592</b>	<b>8,592</b>	<b>8,592</b>
<b>Drainage, waste and water - opening balance</b>	1,167,739	1,167,739	1,167,739	1,167,739
Revaluation recognised in other comprehensive revenue and expense	1,548,475	-	1,548,475	-
<b>Drainage, waste and water - closing balance</b>	<b>2,716,214</b>	<b>1,167,739</b>	<b>2,716,214</b>	<b>1,167,739</b>
<b>Infrastructure land - opening balance</b>	24,580	24,802	24,580	24,802
Revaluation recognised in other comprehensive revenue and expense	17,038	-	17,038	-
Transfer to retained earnings due to disposal of assets	-	(222)	-	(222)
<b>Infrastructure land - closing balance</b>	<b>41,618</b>	<b>24,580</b>	<b>41,618</b>	<b>24,580</b>
<b>Roading - opening balance</b>	626,663	626,924	626,663	626,924
Revaluation recognised in other comprehensive revenue and expense	292,863	-	292,863	-
Transfer between assets classes	-	(261)	-	(261)
<b>Roading - closing balance</b>	<b>919,526</b>	<b>626,663</b>	<b>919,526</b>	<b>626,663</b>
<b>Associates' revaluation reserves - opening balance</b>	-	-	198,999	172,640
Revaluation recognised in other comprehensive revenue and expense	-	-	21,535	26,359
<b>Associates' revaluation reserves - closing balance</b>	<b>-</b>	<b>-</b>	<b>220,534</b>	<b>198,999</b>
<b>Total revaluation reserves - closing balance</b>	<b>4,484,022</b>	<b>2,631,206</b>	<b>4,704,556</b>	<b>2,830,205</b>

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These revaluation reserve movements are represented by:

Table 65: Summary of revaluation reserve movements	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Opening balance	2,631,206	2,348,061	2,830,205	2,520,701
Revaluation recognised in other comprehensive revenue and expense	1,858,376	284,268	1,879,911	310,627
Revaluations adjustment	(4,350)	(176)	(4,350)	(176)
Transfer to retained earnings due to disposal of assets	(1,210)	(947)	(1,210)	(947)
<b>TOTAL REVALUATION RESERVES</b>	<b>4,484,022</b>	<b>2,631,206</b>	<b>4,704,556</b>	<b>2,830,205</b>

The revaluation reserves are used to record accumulated increases and decreases in the fair value of certain asset classes.

For the period ending 30 June 2022 Council has revalued its investment properties, which are revalued annually – refer to Note 18 – Investment properties, for more information (pg XX).

Due to significant increases in the cost of materials and other construction components, Council brought forward the revaluation of its infrastructure networks and land by one year. Not to do so would mean under-depreciating the assets in 2022/23 and a substantial compounded increase in depreciation charges through rates in 2023/24. Refer to Note 19 – Property, Plant and Equipment, for more information (pg XX).

Revaluation movements are non-cash in nature and represent the restating of the Council's assets, subject to revaluation, into current dollar values after taking into account the condition and remaining lives of the assets.

### **Relevant significant accounting policies**

The result of any revaluation of the Group's property, plant and equipment is recognised within other comprehensive revenue and expense and taken to the asset revaluation reserve. Where this results in a debit balance in the reserve for a class of property, plant and equipment, the balance is included in the surplus or deficit. Any subsequent increase on revaluation that offsets a previous decrease in value recognised within surplus or deficit will be recognised firstly, within surplus or deficit up to the amount previously expensed, and with any remaining increase recognised within other comprehensive revenue and expense and in the revaluation reserve for that class of property, plant and equipment.

Any impairment in a revalued class of asset is recognised within other comprehensive revenue and expense and taken to the asset revaluation reserve.

Accumulated depreciation at the revaluation date is eliminated so that the carrying amount after revaluation equals the revalued amount.

While assumptions are used in all revaluations, the most significant of these are in infrastructure. For example, where stormwater, wastewater and water supply pipes are underground, the physical deterioration and condition of assets are not visible and must therefore be estimated. Any revaluation risk is minimised by performing a combination of physical inspections and condition modelling assessments

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## Note 29: Hedging reserve

Table 66: Hedging reserve	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Opening balance	(47,022)	(107,041)	(47,641)	(107,087)
Cash flow hedge net movement recognised in other comprehensive revenue and expense	104,646	60,019	105,813	59,446
<b>TOTAL HEDGING RESERVE</b>	<b>57,624</b>	<b>(47,022)</b>	<b>58,172</b>	<b>(47,641)</b>

The hedging reserve shows accumulated fair value changes for interest rate swaps which satisfy the criteria for hedge accounting and have operated as effective hedges during the period.

The Council uses interest rate swaps to fix interest rates on floating rate debt (floating rate notes and commercial paper) to give it certainty over interest costs.

The Council uses hedge accounting to recognise any fair value fluctuations in these swaps through this reserve within equity. Using hedge accounting prevents any significant movement in interest rate exposure significantly affecting the Council's ability to meet its balanced budget requirements

The Group movement reflects the hedging related to Wellington International Airport Limited but adjusted to align with the Groups' accounting policies.

## Note 30: Fair value through other comprehensive revenue and expense reserve

Table 67: Fair value through other comprehensive revenue and expense reserve	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Opening balance	6,029	5,085	6,656	6,100
Movements:				
Civic Financial Services Limited	17	17	17	17
Local Government Funding Agency	808	927	808	927
Creative HQ shareholdings - available for sale	-	-	473	(388)
Legacy investment - Wellington Museum Trust	-	-	13	-
Gifted investment - Karori Sanctuary Trust	-	-	16	-
<b>TOTAL FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE RESERVE</b>	<b>6,854</b>	<b>6,029</b>	<b>7,983</b>	<b>6,656</b>

This reserve reflects the accumulated fair value movement in the Council's investment in Civic Financial Services Limited (Civic) and the Local Government Funding Agency.

In the Group, Creative HQ, a controlled entity of WREDA, has small shareholdings in incubator and accelerator programme companies. These shareholdings are fair valued annually and any movement is held within this reserve until the disposal of the shares.

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## Note 31: Restricted funds

Restricted funds are comprised of special reserves and funds that Council holds for specific purposes and trusts and bequests that have been bestowed upon the Council for the benefit of all Wellingtonians.

Table 68: Restricted funds	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Special reserves and funds	19,131	18,503	22,188	21,652
Trusts and bequests	495	482	1,684	1,706
<b>TOTAL RESTRICTED FUNDS</b>	<b>19,626</b>	<b>18,985</b>	<b>23,872</b>	<b>23,358</b>

Table 69: Special reserves and funds	Opening	Additional	Utilised	Closing
	Balance	Funds	Funds	Balance
	2022	2022	2022	2022
	\$000	\$000	\$000	\$000
<b>Council</b>				
City Growth Fund	4,742	1,885	(2,113)	4,514
Reserve purchase and development fund	782	-	-	782
Insurance reserve	12,979	1,461	(605)	13,835
<b>Total Council</b>	<b>18,503</b>	<b>3,346</b>	<b>(2,718)</b>	<b>19,131</b>
Controlled entities' reserve funds	3,149	96	(188)	3,057
<b>TOTAL GROUP - SPECIAL RESERVES AND FUNDS</b>	<b>21,652</b>	<b>3,442</b>	<b>(2,906)</b>	<b>22,188</b>

### Nature and purpose, funding and utilisation

#### City Growth fund (previously the City Recovery fund during the initial response to COVID – 19)

The City Growth fund has a closing balance of \$4.514m (2021: \$4.742m) with funding for the year of \$1.885m (2021: \$5.241m) provided from rates. During the year \$2.113m (2021: \$2.940m) was utilised.

#### Reserve purchase and development fund

This fund is used to purchase and develop reserve areas within the city. During the year no purchases were made.

#### Insurance reserve

This reserve came into effect in 2001 and allows the Council to meet the cost of claims that fall below deductible limits under Council's insurance policies. Additions to the reserve of \$1.461m (2021: \$1.505m) were funded through rates as identified in the LTP. During the year \$0.605m (2021: \$1.017m) was used to meet under-excess insurance costs.



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#### ***Controlled entities' reserve funds***

The restricted funds of the controlled entities relate to the Wellington Museums Trust and the Wellington Zoo Trust:

- The Wellington Museums Trust has six reserves: a Capital reserve, a Capital E reserve, a Nairn Street Cottage collection reserve, a Wellington Museums collection reserve, a City Gallery reserve and a Wellington Museum Plimmer reserve. The two collection reserves are for the purpose of future museum acquisitions.
- The Wellington Zoo Trust has two reserves; an Animal Transfer Fund specifically for the transfer of animals and a Conservation Fund to specifically support field conservation.

#### ***Analysis of movements in trusts and bequests***

##### ***Additional funds and utilisation***

Trusts and bequests receiving additional funds during the year were only those where interest totalling \$0.013m (2021: \$0.014m) has been applied in accordance with the original terms and conditions.

##### ***Nature and purpose***

The Council's bequests and trusts have been generally provided for library, educational or environmental purposes.

The Wellington Zoo Trust has a number of bequests, trusts and capital grants made to it for specific purposes, which are held as restricted funds until utilised. Further information on these can be found in the Wellington Zoo Trust annual report published on their website – <https://wellingtonzoo.com/about-us/about-our-zoo/>

##### ***Charles Plimmer Bequest***

This bequest is held and administered by the Public Trust and is primarily used for major beautification projects. As the sole beneficiary, Wellington City Council applies for distribution of available funds for particular projects after consultation with the Plimmer family. The receipt and use of these funds are disclosed separately to record the generous contribution the bequest makes to the benefit of the city.

As at 31 August 2021, the value of the estate held by the Public Trust was \$20.852m (31 August 2020: \$18.639m), but the distributions to the beneficiary are only available from an agreed percentage of revenue generated. The distributions are only drawn down as required.

During the year:

- Distributions recognised as revenue - \$0.495m
- Funds utilised towards the Pukehuia Park (Newlands) upgrade - \$0.495m.

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## Statement of cash flows

Table 70: Statement of Cash Flows For the ended 30 June 2022	Council			Group	
	Actual	Budget	Actual	Actual	Actual
	2022	2022	2021	2022	2021
	\$000	\$000	\$000	\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from rates - Council	378,439	391,452	342,909	378,439	342,909
Receipts from rates- Greater Wellington Regional Council	77,127	82,205	72,795	77,127	72,795
Receipts from activities and other revenue	134,206	154,314	179,056	152,128	197,139
Receipts from grants and subsidies - Operating	20,657	8,616	18,604	31,621	31,413
Receipts from grants and subsidies - Capital	32,396	44,551	27,118	32,845	28,025
Receipts from investment property lease rentals	11,045	10,376	10,999	11,045	10,999
Cash paid to suppliers and employees	(388,785)	(380,985)	(362,803)	(446,294)	(420,323)
Rates paid to GWRC	(77,621)	(82,205)	(71,428)	(77,621)	(71,428)
Grants paid	(45,947)	(49,052)	(46,901)	(17,215)	(19,266)
Income tax paid	-	-	-	(126)	183
Net GST (paid) / received	(797)	-	5,128	(1,014)	5,742
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>140,720</b>	<b>179,272</b>	<b>175,477</b>	<b>140,935</b>	<b>178,188</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Dividends received	64	127	66	64	66
Interest received	2,991	13	2,114	3,150	2,246
Decrease in bank investments	-	-	-	235	-
Proceeds from sale of property, plant and equipment	5,749	2,000	2,163	5,753	2,848
Proceeds from sale of Intangibles	-	-	109	-	109
Proceeds from sale of Investment property	-	-	500	-	500
Loan advances made	(1,200)	-	(900)	(1,200)	(900)
(Increase) / decrease in investments	(44,466)	-	(36,690)	(50,137)	(35,788)
Purchase of investment properties	(62)	-	(1,092)	(62)	(1,092)
Purchase of intangibles	(5,053)	(4,252)	(18,277)	(5,053)	(18,277)
Purchase of property, plant and equipment	(291,758)	(331,760)	(245,489)	(292,658)	(246,070)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(333,735)</b>	<b>(333,872)</b>	<b>(297,496)</b>	<b>(339,908)</b>	<b>(296,358)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
New borrowings	249,343	325,565	250,721	250,281	251,385
Repayment of borrowings	(86,837)	(132,000)	(118,000)	(86,858)	(118,028)
Interest paid on borrowings	(27,265)	(23,323)	(24,930)	(27,265)	(24,930)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>135,241</b>	<b>170,242</b>	<b>107,791</b>	<b>136,158</b>	<b>108,427</b>
Net increase/(decrease) in cash and cash equivalents	(57,774)	15,642	(14,228)	(62,815)	(9,743)
Cash and cash equivalents at beginning of year	84,349	5,777	98,577	103,542	113,285
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>26,575</b>	<b>21,419</b>	<b>84,349</b>	<b>40,727</b>	<b>103,542</b>

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The notes on pg XX to XX form part of and should be read in conjunction with the financial statements.

The cash and cash equivalents balance above equates to the cash and cash equivalents balance in the Statement of Financial Position.

Wellington City Council acts as a collection agency for Greater Wellington Regional Council (GWRC) by including additional rates and levies in its own billing process. Once collected, the monies are passed to GWRC. The budget assumes that the inflows and outflows will offset each other and are shown accordingly.

The Council has ring-fenced funds of \$80.486m (2021: \$66.596) relating to the City Housing and Waste activities. For more information see Note 24: Borrowings (pg XX).

Cash and cash equivalents for the purposes of the cash flow statement comprises bank balances, cash on hand and short-term deposits with a maturity of three months or less. The statement of cash flows has been prepared using the direct approach subject to the netting of certain cash flows. Cash flows in respect of investments and borrowings that have been rolled over under arranged finance facilities have been netted in order to provide more meaningful disclosures.

Operating activities include cash received from all non-financial revenue sources of the Council and Group and record the cash payments made for the supply of goods and services.

Investing activities relate to the acquisition and disposal of assets and investment revenue.

Financing activities relate to activities that change the equity and debt capital structure of the Council and Group and financing costs.

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## Statement of cash flows – Major budget variations

Cash flow budgeting is performed using various assumptions around the timing of events and any departure from these timings will affect the outcome against budget.

### ***Significant variations from the cash flow budgets are as follows:***

Net cash flows from operating activities were \$38.552m lower than budget, including main variances of:

- \$13.013m lower rates received. \$5.000m relates to water rates not invoiced. Total rates debtors are \$10.104m higher than 2021.
- \$20.108m less from activities and other revenue, particularly Parking \$7.364m, Parks, Sports and Recreation \$ 2.258m and Wellington Venues \$2.500m.
- \$12.041m higher operating grants mainly due to the \$12.839m of unbudgeted Government Stimulus funding
- \$12.155m lower capital grants and subsidies received largely due to lower Waka Kotahi (NZTA) reimbursements due to capital programme underspends.
- \$7.800m higher overall payments to suppliers as \$13.090m Government Stimulus funding passed to Wellington Water.

Net cash flows from investing activities were only \$0.137m lower than budget, including main variances of:

- \$2.978m higher than budgeted interest revenue as budgeted as net interest expense
- \$3.749m of additional proceeds from assets sales due to timing of sales
- \$1.200m of an unbudgeted loan advance to WRST
- \$44.466m of higher investments due to timing of maturities and prefunding decisions
- \$39.139m of lower spend on new assets due to lower than budgeted work undertaken

Net cash flows from financing activities were \$35.001m lower than budget, including main variances of:

- \$31.059m lesser increase in net borrowings due to lower than budgeted capital expenditure
- \$3.942m higher gross interest expense due to higher interest rates. However this reduces when netted against the \$2.978m interest revenue to \$0.964m.

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## Note 32: Reconciliation of cash flows

Table 71: Reconciliation of net surplus / (deficit) to net cash flows from operating activities	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Net surplus / (deficit) for the period</b>	<b>87,435</b>	<b>7,457</b>	<b>88,621</b>	<b>4,287</b>
<b>Add/(deduct) non-cash items:</b>				
Vested assets	(82,488)	(9,411)	(82,488)	(9,411)
Bad debts written off not previously provided for	133	76	133	79
Depreciation and amortisation	146,488	136,635	147,615	138,324
Impairment of property, plant and equipment	4,415	1,849	4,415	1,849
Fair value changes in investment properties	(20,614)	(20,496)	(20,614)	(20,496)
Other fair value changes	3	48	(375)	(23)
Movement in provision for impairments of doubtful debts	(317)	(95)	(317)	(122)
Tax expense/(credit)	-	-	(64)	30
Non-cash movement in provisions	(930)	830	(816)	977
<b>Total non-cash items</b>	<b>46,690</b>	<b>109,436</b>	<b>47,489</b>	<b>111,207</b>
<b>Add/(deduct) movement in working capital: <sup>1</sup></b>				
Exchange receivables and non-exchange recoverables	(25,380)	34,229	(23,088)	34,767
Prepayments	3,043	(12,620)	2,874	(12,423)
Inventories	(157)	762	(141)	854
Exchange transactions, taxes and transfers payables	13,523	14,245	8,081	12,960
Revenue in advance	(4,214)	6,582	(486)	7,190
Employee benefit liabilities	668	(276)	1,110	(588)
Provision for other liabilities	(8,007)	(6,974)	(8,163)	(6,625)
<b>Total working capital movement</b>	<b>(20,524)</b>	<b>35,948</b>	<b>(19,813)</b>	<b>36,135</b>
<b>Add/(deduct) investing and financing activities:</b>				
Net (gain)/loss on disposal of property, plant and equipment	2,391	(552)	2,424	(548)
Net (gain)/loss on disposal of intangibles	518	(126)	518	(126)
Net (gain)/loss on disposal of investment property	-	564	-	564
Dividends received	(64)	(66)	(310)	(66)
Interest received	(2,991)	(2,114)	(3,165)	(2,186)
Tax paid and subvention receipts	-	-	110	94
Interest paid on borrowings	27,265	24,930	27,274	24,936
Share of equity accounted (surplus)/deficit in associates	-	-	(2,213)	3,891
<b>Total investing and financing activities</b>	<b>27,119</b>	<b>22,636</b>	<b>24,638</b>	<b>26,559</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>140,720</b>	<b>175,477</b>	<b>140,935</b>	<b>178,188</b>

1. Excluding non-cash items

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Table 72: Reconciliation of liabilities arising from financing activities	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Opening balance</b>				
Current borrowings	154,523	186,000	154,544	186,028
Non-current borrowings	754,129	589,931	754,792	589,951
Hedges held against borrowings:				
- Interest rate swaps - cash flow hedges	47,022	107,041	47,641	107,087
<b>Total opening balance</b>	<b>955,674</b>	<b>882,972</b>	<b>956,977</b>	<b>883,066</b>
<b>Cash flow movements - current</b>				
Repayment of borrowings - current	(86,836)	(118,000)	(86,857)	(118,028)
New borrowings		-		-
Movement from non-current to current borrowings	141,313	86,523	141,313	86,544
<b>Cash flow movements - non-current</b>				
New borrowings	249,342	250,721	250,279	251,385
Movement from non-current to current borrowings	(141,313)	(86,523)	(141,313)	(86,544)
<b>Total Cash movements</b>	<b>162,506</b>	<b>132,721</b>	<b>163,422</b>	<b>133,357</b>
<b>Non-cash flow movements</b>				
- Interest rate swaps - cash flow hedges	(104,646)	(60,019)	(105,813)	(59,446)
<b>Total movements</b>	<b>57,860</b>	<b>72,702</b>	<b>57,609</b>	<b>73,911</b>
<b>Closing balance</b>				
Current borrowings	209,001	154,523	209,001	154,544
Non-current borrowings	862,157	754,129	863,757	754,792
Hedges held against borrowings:				
- Interest rate swaps - cash flow hedges	(57,624)	47,022	(58,172)	47,641
<b>Total closing balance</b>	<b>1,013,534</b>	<b>955,674</b>	<b>1,014,586</b>	<b>956,977</b>



## Other disclosures

### Note 33: Financial instruments

Financial instruments include financial assets (loans and receivables or recoverables and financial assets at fair value through other comprehensive revenue and expense), financial liabilities (payables and borrowings) and derivative financial instruments. Financial instruments are classified into the categories outlined below based on the purpose for which they were acquired. The classification is determined at initial recognition and re-evaluated at the end of each reporting period.

#### **Relevant significant accounting policies**

Financial instruments are initially recognised on trade-date at their fair value plus transaction costs. Subsequent measurement of financial instruments depends on the classification determined by the Group.

#### **Financial Assets**

Financial assets are classified as loans and receivables or financial assets at fair value through other comprehensive revenue and expense.

Loans and receivables comprise cash and cash equivalents, receivables or recoverables and loans and deposits.

- Cash and cash equivalents comprise cash balances and bank deposits with maturity dates of three months or less.
- Receivables and recoverables have fixed or determinable payments. They arise when the Group provides money, goods or services directly to a debtor, and has no intention of trading the receivable or recoverable.
- Loans and deposits include loans to other entities (including controlled entities and associates), and bank deposits with maturity dates of more than three months.

Financial assets in this category are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date for assets of a similar maturity and credit risk. Receivables or recoverables due in less than 12 months are recognised at their nominal value. A provision for impairment is recognised when there is objective evidence that the asset is impaired. As there are statutory remedies to recover unpaid rates, rates penalties and water meter charges, no provision has been made for impairment in respect of these receivables or recoverables.

Financial assets at fair value through other comprehensive revenue and expense primarily relate to equity investments that are held by the Group for long-term strategic purposes and therefore are not intended to be sold. Within the Group, small shareholdings are held in start-up companies, which are available for sale, until the companies mature or cease operations. Financial assets at fair value through other comprehensive revenue and expense are initially recorded at fair value plus transaction costs. They are subsequently measured at fair value and changes, other than impairment losses, are recognised directly in a reserve within equity. On disposal, the cumulative fair value gain or loss previously recognised directly in other comprehensive revenue and expense is recognised within surplus or deficit.

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Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

***Financial Liabilities***

Financial liabilities include payables under exchange transactions, taxes, transfers and borrowings. Financial liabilities with duration of more than 12 months are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Amortisation is recognised within surplus or deficit. Financial liabilities with duration of less than 12 months are recognised at their nominal value.

On disposal any gains or losses are recognised within surplus or deficit.

*Table 73* below, provides an analysis of the Group's financial assets and financial liabilities by reporting category as described in the accounting policies:

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Table 73: Financial Instruments by category	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Financial assets</b>				
<b>Loans and receivables</b>				
Cash and cash equivalents	26,575	84,349	40,727	103,542
Receivables and recoverables	86,355	61,056	87,755	62,319
Other financial assets	122,956	77,294	129,657	78,411
<b>Total loans and receivables</b>	<b>235,886</b>	<b>222,699</b>	<b>258,139</b>	<b>244,272</b>
<b>Financial assets at fair value through other comprehensive revenue and expense</b>				
Other financial assets	9,198	8,372	11,477	10,122
<b>Total financial assets at fair value through other comprehensive revenue and expense</b>	<b>9,198</b>	<b>8,372</b>	<b>11,477</b>	<b>10,122</b>
<b>Hedged derivative financial instruments</b>				
Derivatives designated as cash flow hedges	58,407	7,821	58,407	7,821
<b>Total hedged derivative financial instruments</b>	<b>58,407</b>	<b>7,821</b>	<b>58,407</b>	<b>7,821</b>
<b>Total financial assets</b>	<b>303,491</b>	<b>238,892</b>	<b>328,023</b>	<b>262,215</b>
Total non-financial assets	10,673,714	8,582,714	10,922,323	8,806,523
<b>TOTAL ASSETS</b>	<b>10,977,205</b>	<b>8,821,606</b>	<b>11,250,346</b>	<b>9,068,738</b>
<b>Financial liabilities</b>				
<b>Financial liabilities at amortised cost</b>				
Exchange transactions and transfers payable	85,193	72,108	84,733	74,442
Taxes payable	11,134	10,887	11,459	11,211
Borrowings	1,071,158	908,652	1,072,758	909,336
<b>Total financial liabilities at amortised cost</b>	<b>1,167,485</b>	<b>991,647</b>	<b>1,168,950</b>	<b>994,989</b>
<b>Derivative financial instruments</b>				
Derivatives designated as cash flow hedges	783	54,843	783	54,843
<b>Total derivative financial instruments</b>	<b>783</b>	<b>54,843</b>	<b>783</b>	<b>54,843</b>
<b>Total financial liabilities</b>	<b>1,168,268</b>	<b>1,046,490</b>	<b>1,169,733</b>	<b>1,049,832</b>
Total non-financial liabilities	68,311	81,421	80,107	89,722
<b>TOTAL LIABILITIES</b>	<b>1,236,579</b>	<b>1,127,911</b>	<b>1,249,840</b>	<b>1,139,554</b>

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**Fair value**

The fair values of all financial instruments equate or are approximate to the carrying amount recognised in the Statement of Financial Position.

**Fair value hierarchy**

For those financial instruments recognised at fair value in the Statement of Financial Position, the fair values are determined according to the following hierarchy:

- **Level 1** - Quoted market price - Financial instruments with quoted prices for identical instruments in active markets.
- **Level 2** - Valuation technique using observable inputs – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- **Level 3** - Valuation techniques with significant non-observable inputs – Financial instruments valued using models where one or more significant inputs are not observable.

Table 74: Group hierarchy	2022			2021		
	Level	Level	Level	Level	Level	Level
	1	2	3	1	2	3
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Financial assets</b>						
Financial assets at fair value through other comprehensive revenue and expense	-	-	11,475	-	-	10,122
Derivative financial instruments						
- Cash flow hedges	-	58,407	-	-	7,821	-
<b>Financial liabilities</b>						
Derivative financial instruments						
- Cash flow hedges	-	783	-	-	54,843	-

Table 75: Reconciliation of fair value movements in Level 3	Council		Group		
	2022	2021	2022	2021	
	\$000	\$000	\$000	\$000	
<b>Financial assets at fair value through other comprehensive revenue and expense</b>					
- Equity investments					
Opening balance - 1 July		8,372	7,428	10,122	9,258
Purchases		-	-	156	-
Disposals		-	-	-	-
Impairment		-	-	-	-
Loss on investment		-	-	(53)	(2)
Gains or losses recognised in other comprehensive revenue and expense		825	944	1,250	866
<b>Closing balance - 30 June</b>		<b>9,197</b>	<b>8,372</b>	<b>11,475</b>	<b>10,122</b>

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The level 3 equity investments comprise the Group's shareholdings in the Local Government Funding Agency \$8.673m (2021: \$7.865m), Civic Assurance \$0.524m (2021: 0.507m), the Creative HQ shareholdings \$1.878m (2021: \$1.490m), a legacy investment for Wellington Museum's Trust of \$0.274m (2021: \$0.260m) and a new gifted investment for the Karori Sanctuary Trust of \$0.126m. Refer to Note 15: Other financial assets (pg XX) for more details.

**Financial risk management**

As part of its normal operations, the Group is exposed to a number of risks. The most significant are credit risk, liquidity risk and market risk, which includes interest rate risk. The Group's exposure to these risks and the action that the Group has taken to minimise the impact of these risks is outlined below:

**Credit risk**

Credit risk is the risk that a third party will default on its obligations to the Group, thereby causing a financial loss. The Group is not exposed to any material concentrations of credit risk other than its exposure within the Wellington region. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position and the face value of financial guarantees to related parties (refer Note 35: Contingencies (pg XX)). There is currently no liability recognised for these guarantees as the Group does not expect to be called upon for payment.

The Group's maximum exposure to credit risk at the end of the reporting period is detailed in Table 76 below.

Table 76: Financial instruments with credit risk	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Cash and cash equivalents	26,560	84,349	40,698	103,542
Derivative financial instrument assets	58,407	7,821	58,407	7,821
Receivables and recoverables	86,355	61,056	87,755	62,319
Other financial assets				
- Bank deposits - term > 3 months	101,000	61,500	107,700	62,602
- LGFA borrower notes	19,868	14,902	19,868	14,902
- Loans to related parties - other organisations	2,088	892	2,088	892
- Loans to external organisations	-	-	1	15
<b>Total financial instruments with credit risk</b>	<b>294,278</b>	<b>230,520</b>	<b>316,517</b>	<b>252,093</b>

Receivables and recoverables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group is exposed to credit risk as a guarantor of the LGFA's borrowings. Further information about this exposure is explained in Note 35: Contingencies (pg XX).

**Credit quality of financial assets**

The credit quality of financial assets that are neither past due or impaired can be assessed by reference to Standard and Poor's credit ratings (or otherwise as stated) in Table 77 as follows.

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Table 77: Counterparties with credit ratings	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Cash - registered banks</b>				
AA-	6,560	84,333	19,189	97,021
<b>Short-term deposits (less than 3 months) - registered banks</b>				
AA (Fitch)	20,000	-	21,509	2,988
<b>Term deposits (greater than 3 months) - registered banks</b>				
AA-	65,000	39,000	71,700	43,602
AA (Fitch)	20,000	22,500	20,000	22,500
<b>Term deposits - borrower notes - NZ LGFA</b>				
AAA	19,868	14,902	19,868	14,902

### Liquidity risk

Liquidity risk refers to the situation where the Group may encounter difficulty in meeting obligations associated with financial liabilities. The Group maintains sufficient funds to cover all obligations as they fall due. Facilities are maintained in accordance with the Council's Liability Management Policy to ensure the Group is able to access required funds.

### Contractual maturity

The following maturity analysis in *Table 78* sets out the contractual cash flows for all financial liabilities that are settled on a gross cash flow basis. Contractual cash flows for financial liabilities include the nominal amount and interest payable.

Table 78: Contractual cash flows of financial liabilities excluding derivatives	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Contractual cash flows of financial liabilities excluding derivatives</b>				
0-12 months	330,253	247,233	329,793	250,195
1-2 years	155,960	153,422	155,960	153,422
2-5 years	320,180	291,207	321,924	291,930
More than 5 years	578,307	396,933	578,307	396,933
<b>Total contractual cash flows of financial liabilities excluding derivatives</b>	<b>1,384,700</b>	<b>1,088,795</b>	<b>1,385,984</b>	<b>1,092,480</b>
<b>Represented by:</b>				
Carrying amount as per the Statement of Financial Position	1,156,351	991,719	1,157,491	995,344
Future interest payable	228,349	97,076	228,493	97,136
<b>Total contractual cash flows of financial liabilities excluding derivatives</b>	<b>1,384,700</b>	<b>1,088,795</b>	<b>1,385,984</b>	<b>1,092,480</b>

The following maturity analysis in *Table 79*, sets out the contractual cash flows for all financial liabilities that are settled on a net cash flow basis. Contractual cash flows for derivative financial liabilities are the future interest payable.



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Table 79: Contractual cash flows of derivative financial liabilities	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Contractual cash flows of derivative financial liabilities</b>				
0-12 months	1,586	14,192	1,586	14,192
1-2 years	84	11,521	84	11,521
2-5 years	44	21,519	44	21,519
More than 5 years	6	12,464	6	12,464
<b>Total contractual cashflow of derivative financial liabilities</b>	<b>1,720</b>	<b>59,696</b>	<b>1,720</b>	<b>59,696</b>
<b>Represented by:</b>				
Future interest payable	1,720	59,696	1,720	59,696
<b>Total contractual cash flows of derivative financial liabilities</b>	<b>1,720</b>	<b>59,696</b>	<b>1,720</b>	<b>59,696</b>

In addition to cash to be received in 2022/23 the Group currently has \$210.000m (2021: \$130.000m) in unutilised committed bank facilities available to settle obligations as well as \$132.982m (2021: \$162.460m) of cash, cash equivalents and receivables and is expected to have sufficient cash to meet all contractual liabilities as they fall due.

The Group is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its obligations when they fall due. Information about this exposure is explained in Note 35: Contingencies (pg XX).

The Group mitigates exposure to liquidity risk by managing the maturity of its borrowings programme within the following maturity limits as shown in *Table 80*.

Table 80: Liquidity funding risk limits			
Period	Minimum	Maximum	Actual
0 - 3 years	15%	60%	25%
3 - 5 years	15%	60%	32%
More than 5 years	15%	60%	43%

### Market risk

Market risk is the risk that the value of an investment will decrease, or a liability will increase due to changes in market conditions. The Group uses interest rate swaps in the ordinary course of business to manage interest rate risks. A Treasury Committee, headed by senior management personnel and the Council's treasury management advisors (presently PwC), provides oversight for financial risk management and derivative activities, and ensures any activities are in line with the Liability Management Policy which is formally approved by the Council as part of the Long-Term Plan (LTP).

### Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will decrease due to changes in market interest rates. The Group is exposed to interest rate risk from its interest-earning financial assets and interest-bearing financial liabilities. The Group is risk averse and seeks to minimise exposure arising from its borrowing activities primarily by entering into interest rate swap arrangements to fix interest rates on its borrowings.

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The Group manages its cash flow interest rate risk by using interest rate swaps. These have the economic effect of converting borrowings from floating rates to fixed rates. The Group uses interest rate swaps to maintain a required proportion of borrowing between fixed and floating interest rates, using a corridor policy, as specified in the liability management policy.

The proportion of gross borrowing at a fixed interest rate for the period ending 30 June 2022 is 59 percent. (2021: 73 percent)

Table 81 below shows the effect of the interest rate swaps at reducing the Council's and Group's exposure to interest rate risk:

Table 81: Interest rate volatility	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Financial instruments subject to interest rate volatility - before effect of interest rate swaps</b>				
Cash and cash equivalents	26,575	84,349	40,727	103,542
Bank deposits - term greater than 3 months	101,000	61,500	107,700	62,602
Commercial paper	(68,000)	(68,000)	(68,000)	(68,000)
Debt securities - floating rate notes	(888,000)	(728,500)	(888,000)	(728,500)
<b>Total financial instruments subject to interest rate volatility - before effect of interest rate swaps</b>	<b>(828,425)</b>	<b>(650,651)</b>	<b>(807,573)</b>	<b>(630,356)</b>
<b>Effect of interest rate swaps in reducing interest rate volatility</b>				
Effect of Cash flow interest rate swaps - hedged	453,000	549,000	453,000	549,000
<b>Total effect of interest rate swaps in reducing interest rate volatility</b>	<b>453,000</b>	<b>549,000</b>	<b>453,000</b>	<b>549,000</b>
<b>Total financial instruments subject to interest rate volatility - after effect of interest rate swaps</b>	<b>(375,425)</b>	<b>(101,651)</b>	<b>(354,573)</b>	<b>(81,356)</b>

These interest rate swaps have a nominal value which represents the value of the debt that they are covering (included above). This amount is not recorded in the financial statements; instead, the fair value of these interest rate swaps is recognised. This represents the difference between the forecast current floating interest rate and the fixed swap interest rate discounted back to present value. At 30 June 2022 the fair value of the interest rate swaps was \$57.624m (2021: -\$47.022m). The liability represents the forecast extra cash flows the Council is expected to pay from locking in fixed interest rates higher than current market rates.

Given that the interest rate swaps have terms that match with the borrowings (short term bank facilities, commercial paper and debt securities), it is appropriate to include the effect of the interest rate swaps on the borrowings interest rate and present the net effective interest rates for the underlying borrowings in Table 82 as follows.

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Table 82: Weighted effective interest rates	Council		Group	
	2022	2021	2022	2021
	%	%	%	%
<b>Investments</b>				
Cash and cash equivalents	2.23	0.25	0.59	0.25
Bank deposits - term	1.99	0.93	1.98	0.93
LGFA - borrower notes	0.53	0.63	0.53	0.63
Loans to related parties	-	-	-	-
<b>Borrowings</b>				
Bank loans	3.00	3.65	3.00	3.65
Commercial paper	2.53	0.36	2.53	0.36
Debt securities - fixed	2.02	2.02	2.02	2.02
Debt securities - floating	2.60	0.97	2.60	0.97
Derivative financial instruments - hedged	3.50	3.69	3.50	3.69

The original related party loan to the Wellington Regional Stadium Trust (WRST) for the Stadium construction and membership underwrite is on interest free terms.

The loan facility to WRST for COVID-19 support and further upgrade of the Fran Wilde walkway will be at an interest rate of 3% p.a. but will only be applied two years after the initial drawdown in 2020/21.

**Sensitivity analysis**

While the Group has significantly reduced the impact of short-term fluctuations on the Group's earnings through interest rate swap arrangements, there is still some exposure to changes in interest rates.

Table 83 below illustrates the potential surplus or deficit impact of a 1 percent change in interest rates based on the Group's exposures at the end of the reporting period:

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Table 83: Sensitivity to interest rate risk		Group			
		2022			
		\$000			
		+1%	-1%	+1%	-1%
Note		Effect on Surplus or Deficit		Effect on Other Comprehensive Revenue and Expense	
<b>Financial assets</b>					
Cash and cash equivalents	a	407	(407)		
LGFA - borrower notes	b	199	(199)		
Term deposits > 3 months	c	1,077	(1,077)		
Derivatives - interest rate swaps - hedged	d			37,135	(41,264)
<b>Financial liabilities</b>					
Derivatives - interest rate swaps - hedged	d			2,722	(2,809)
Debt securities - floating rate notes	e	(4,860)	4,860		
Bank loans	f	(102)	102		
Commercial paper	g	(170)	170		
<b>Total sensitivity to interest rate risk</b>		<b>(3,449)</b>	<b>3,449</b>	<b>39,857</b>	<b>(44,073)</b>

**a. Cash and cash equivalents**

Group funds are in a number of different registered bank accounts with interest payable on the aggregation of all accounts. While most of the funds are held on short-term deposit, they are subject to interest rate movement on any subsequent reinvestment. A movement in interest rates of plus or minus 1 percent has an effect on interest revenue of \$0.407m accordingly.

**b. LGFA borrower notes**

The Group holds \$19.868m of borrower notes which are investments held by LGFA as part of their lending policy. They are subject to quarterly interest rate resetting. A movement in interest rates of plus or minus 1 percent has an effect on interest revenue of \$0.199m accordingly.

**c. Bank term deposits > than 3 months**

Bank deposits greater with bank maturities greater than 3 months are subject to interest rate movement on any subsequent reinvestment. A movement in interest rates of plus or minus 1 percent has an effect on interest revenue of \$1.077m accordingly.

**d. Derivatives - hedged interest rate swaps**

Derivatives include hedged interest rate swaps with a fair value totalling \$58.407m. A movement in interest rates of plus 1 percent has an effect on increasing the unrealised value of the hedged interest rate swaps by \$39.857m. A movement in interest rates of minus 1 percent has an effect on reducing the unrealised value of the hedged interest rate swaps by \$44.073m.

**e. Debt securities – floating rate notes**

Debt securities at floating rates total \$888.000m. The full exposure to changes in interest rates has been reduced because the Group has \$402.000m of this debt at fixed rates through interest rate swaps. A movement in interest rates of plus or minus 1 percent has an effect on the interest expense of \$4.860m accordingly.

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**f. Bank Loans**

The Group, through the Council's joint operations with Porirua City Council has a bank term loans of \$10.158m. This loan consists of various loans provided to the joint operations through Porirua City Council borrowing. A movement in interest rates of plus or minus 1 percent has an effect on the interest expense of \$0.102m accordingly.

**g. Commercial paper**

The Group has a Commercial Paper programme which is subject to floating rates and totals \$100.000m of which only \$68.000m is presently utilised. The full exposure to changes in interest rates has been reduced because the Group has \$51.000m of this debt at fixed rates through interest rate swaps. A movement in interest rates of plus or minus 1 percent has an effect on the interest expense of \$0.170m accordingly.

**Note 34: Commitments**

Table 84: Capital commitments	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Approved and contracted - property, plant and equipment	156,815	259,227	158,215	259,232
Approved and contracted - investment properties	-	-	-	-
Approved and contracted - intangibles	-	-	-	-
Approved and contracted - share of associates	-	-	7,444	7,244
Approved and contracted - share of joint ventures	-	-	-	-
<b>TOTAL CAPITAL COMMITMENTS</b>	<b>156,815</b>	<b>259,227</b>	<b>165,659</b>	<b>266,476</b>

The capital commitments in Table 84 above, represent signed contracts in place at the end of the reporting period.

The contracts will often span more than one financial year and may include capital expenditure carried forward from 2021/22 to future years.

**Lease commitments**

**Operating leases – Group as lessee**

The Group leases certain items of plant, equipment, land and buildings under various non-cancellable operating lease agreements.

The lease terms are between 2 and 21 years and the majority of the lease agreements are generally renewable at the end of the lease period at market rates.

The value of minimum payments for non-cancellable operating leases is recognised as an expense in Note 7: Expenditure on operating activities (pg XX).

**Relevant significant accounting policies**

Leases where the lessor retains substantially all the risks and rewards of ownership of the leased items are classified as operating leases. Payments made under operating leases are recognised within surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised within surplus or deficit over the term of the lease as they form an integral part of the total lease payment.

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The future expenditure committed by these leases is analysed as follows in *Table 85*.

Table 85: Non-cancellable operating lease commitments as lessee	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Plant and equipment</b>				
Not later than one year	-	-	84	73
Later than one year and not later than five years	-	-	69	82
Later than five years	-	-	-	-
<b>Land and buildings</b>				
Not later than one year	10,869	10,129	13,224	10,714
Later than one year and not later than five years	25,406	19,314	26,074	19,791
Later than five years	48,355	25,120	48,355	25,120
<b>TOTAL NON-CANCELLABLE OPERATING LEASE COMMITMENTS AS LESSEE</b>	<b>84,630</b>	<b>54,563</b>	<b>87,806</b>	<b>55,780</b>

**Operating leases – Group as lessor**

The Group has also entered into commercial property leases of its investment property portfolio and other land and buildings.

The land and buildings held for investment purposes are properties which are not held for operational purposes and are leased to external parties.

Ground leases are parcels of land owned by the Group in the central city or on the waterfront that are leased to other parties who own the buildings situated on the land. The leases are generally based on 21-year perpetually renewable terms. As these parcels of land are held for investment purposes the leases are charged on a commercial market basis.

The land and buildings not held for investment purposes are either used to accommodate the Group's operational activities or are held for purposes such as road widening, heritage, or are being monitored for compliance reasons. In some cases, parts of these assets are leased to external parties on a commercial basis. The terms of these commercial leases generally range from 1 to 15 years.

**Relevant significant accounting policies**

Rental revenue is recognised on a straight-line basis over the lease term.



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The committed revenues expected from these lease portfolios are analysed as follows in *Table 86*.

Table 86: Non-cancellable operating lease commitments as lessor	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
<b>Investment properties</b>				
Not later than one year	10,698	8,655	10,698	8,655
Later than one year and not later than five years	38,080	29,404	38,080	29,404
Later than five years	69,955	52,720	69,955	52,720
<b>Land and buildings</b>				
Not later than one year	5,816	4,499	5,816	4,502
Later than one year and not later than five years	4,007	6,622	4,007	6,622
Later than five years	8,497	6,891	8,497	6,891
<b>TOTAL NON-CANCELLABLE OPERATING LEASE COMMITMENTS AS LESSOR</b>	<b>137,052</b>	<b>108,791</b>	<b>137,052</b>	<b>108,794</b>

***Commitments to related parties***

The Council and Group have no commitments to key management personnel beyond normal employment obligations.

## Note 35: Contingencies

Table 87: Contingent liabilities	Council		Group	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Uncalled capital - LGFA	1,866	1,866	1,866	1,866
Other legal proceedings	-	585	-	585
WIAL equity underwrite	-	25,760	-	25,760
WRST loan facility	-	1,200	-	1,200
WOW funding agreement	-	5,000	-	5,000
Share of associates' and joint venture's contingent liabilities	-	-	-	-
Share of joint operations' contingent liabilities	-	-	-	-
<b>TOTAL CONTINGENT LIABILITIES</b>	<b>1,866</b>	<b>34,411</b>	<b>1,866</b>	<b>34,411</b>

### **NZ Local Government Funding Agency Limited (LGFA)**

Council is one of 30 local authority shareholder, borrower and guarantor councils of the LGFA. Any non-shareholder council that borrows in aggregate NZ\$20m or more from LGFA must be a guarantor. There are now 69 guarantor Councils in total. In this regard Council has uncalled capital of \$1.866m. When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Council is a guarantor of all of LGFA's borrowings. At 30 June 2022, LGFA had borrowings totalling \$15,789m (2021: \$13,609m).

Financial reporting standards require Council to recognise the guaranteed liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that we are not aware of any local authority, which is a member of the LGFA, that has had debt default events in New Zealand; and local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required. Council considers that even if it was called upon to contribute the cost would not be material.

### **Other legal proceedings**

Other legal proceedings are current claims against the Council and Group as a result of past events which are currently being contested. The amounts shown reflect potential liability for financial reporting purposes only and do not represent an admission that any claim is valid. The outcome of these remains uncertain at the end of the reporting period. The maximum exposure to the Group is anticipated to be less than \$XXm.

### **Structural defect claim**

A large and novel claim alleging a breach of duty to a tenant of a commercial building was filed in August 2019. The claim is at an early stage. Council's current estimated financial exposure for this claim is \$0.050m being the insurance excess payable, which is included in the total above.

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### **COVID-19 support for related parties and other entities**

#### **Wellington International Airport Limited**

As part of its COVID-19 pandemic response, Council agreed on 23 April 2020 to provide financial support to Wellington International Airport Limited in proportion to its 34 percent equity holding, if required. Along with Infratil Limited, who own the remaining 66 percent, the two shareholders will jointly provide an equity underwrite of up to nearly \$75.76 million. Council's share would be up to \$25.76m and Infratil's \$50m. The facility will be able to be drawn by WIAL, if required, through the issue of redeemable preference shares.

WIAL have notified Council that this support is no longer required as from 30 June 2022.

#### **Wellington Regional Stadium Trust (WRST)**

As a direct response to the COVID-19 pandemic, Council agreed, on 21 July 2020, to a joint loan facility between Council and Greater Wellington Regional Council to be made available to WRST. The loan facility to be used, if required, to fund operating deficits resulting from the impact of COVID-19 and to provide funding for the capital works required to continue with the strengthening of the Fran Wilde walkway. This loan is an unsecured facility of up to \$4.200m divided equally between the lenders with a fixed interest rate of 3.0 percent and is interest free for the first two years upon being drawn down. \$1.200m (2021: \$0.900m) was drawn down from Council during the period ending 30 June 2022. This facility is now fully drawn down.

### **Unquantified contingent liabilities**

#### **Holiday Pay remediation**

A number of New Zealand's public and private organisations have identified issues with the calculation of leave entitlements under the Holidays Act 2003 ("the Act"). During 2019/20, Council completed its own review of payroll processes which identified instances of non-compliance with the Act. This review resulted in Council establishing a project team to further look at system configuration and business processes to better understand the areas of non-compliance with the Act, this work has continued into 2021/22.

This is a significant undertaking and due to this Council has decided that the project will be split into two phases; phase one is the rectification of known system configuration and business process issues while phase two will be the remediation. Council is near to completing phase one of the project with a completion date estimated to be late 2022.

Council is also about to commence phase two of the project and will begin the process to contract a remediation partner to assist with this piece of work. The outcome of this phase cannot be determined at this time given the current level of reliability of this information. Due to this we are unable to quantify our liability at 30 June 2022.

Council acknowledges that the potential liability could be significant as the issue affects current and past employees and covers a period going back six years plus one from October 2020.

#### **Other claims**

There are various other claims that the Council and Group are currently contesting which have not been quantified due to the nature of the issues, the uncertainty of the outcome and/or the extent to which the Council and Group have a responsibility to the claimant. The possibility of any outflow in settlement in these cases is assessed as remote.

### **Contingent assets**

The Council and Group have no contingent assets as at 30 June 2021 (2020: \$Nil).

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**Relevant significant accounting policies**

**Contingent liabilities and contingent assets**

Contingent liabilities and contingent assets are disclosed at the point at which the contingency is evident. Contingent liabilities are disclosed if the possibility they will crystallise is not remote. Contingent assets are disclosed if it is probable the benefits will be realised.

**Note 36: Joint Operations**

The Council has significant interests in the following joint operations. These are domiciled and operate in New Zealand. Porirua City Council operates two of the joint operations under an agreement which provides that all assets of the joint operation are owned by the two councils as tenants in common. The remaining joint operations are part of Let's Get Wellington Moving (LGWM) which is a joint initiative between Wellington City Council, Greater Wellington Regional Council, and Waka Kotahi NZ Transport Agency.

<b>Table 88: Joint Operations</b>	<b>Interest 2022</b>	<b>Interest 2021</b>	<b>Nature of business</b>
Wastewater treatment plant – Porirua City Council	27.60%	27.60%	Owns and operates a wastewater treatment plant and associated trunk sewers and pumping stations that provide services to Wellington City's northern suburbs. Ownership of the assets is in proportion to the capacity of the plant allocated to the two councils.
Spicer Valley Landfill – Porirua City Council	21.50%	21.50%	Owns and operates a sanitary landfill that provides services to Wellington City's northern suburbs. Ownership of the assets is in proportion to the ratio of the populations of Porirua City and the area of the former Tawa Borough.
LGWM Projects			
State Highway improvement	20.00%	20.00%	Joint initiative to develop a transport system that supports future aspirations for the look, feel, and function of Wellington City. These will support Wellington's growth while making it safer and easier to get around.
Mass Rapid Transport	20.00%	20.00%	
City Streets	20.00%	20.00%	
Early Delivery	0 - 49%	20.00%	
Travel Demand Management	20.00%	20.00%	
Integrated Delivery Vehicle	20.00%	20.00%	

The end of the reporting period for the joint operations is 30 June.

**Relevant significant accounting policies**

For joint operations the Council has a liability in respect of its share of joint operational deficits and liabilities, and shares in any operational surpluses and assets. The Council's proportionate interest (eg. 21.5 percent of the Spicer Valley landfill) in the assets, liabilities, revenue and expenditure is included in the financial statements of the Council and Group on a line-by-line basis.

The Council's and Group's share of the joint operations' capital commitments is \$Nil (2020: \$Nil) and contingent liabilities is \$Nil (2020: \$Nil).

## Note 37: Related party disclosures

### **Relevant significant accounting policies**

Related parties arise where one entity has the ability to affect the financial and operating policies of another through the presence of control or significant influence. Related parties include all members of the Group (controlled entities, associates and joint ventures) and key management personnel.

Key management personnel include the Mayor and Councillors as elected members of the governing body of the Council reporting entity, the Chief Executive, and all members of the Executive Leadership Team, being key advisors to the Council and Chief Executive.

### **Key management personnel**

In this section, the Council discloses the remuneration and related party transactions of key management personnel. The remuneration payable to key management personnel of the Group's other entities is disclosed separately within their individual financial statements and is not included in *Table 89* below.

Table 89: Remuneration paid to key management personnel	Council	
	2022	2021
	\$	\$
<b>Council Members</b>		
Remuneration	1,854,224	1,846,046
<b>Chief Executive and Executive Leadership Team</b>		
Remuneration	2,970,651	2,601,008
<b>TOTAL REMUNERATION PAID TO KEY MANAGEMENT PERSONNEL</b>	<b>4,824,875</b>	<b>4,447,054</b>

As at 30 June 2022 key management personnel comprised of 24 individuals: 15 elected members or 15 fulltime equivalents (2021: 15) and 9 executive leaders or 9 fulltime equivalents (2021: 9). There was no increase in the number of executive leadership roles over the period to 30 June 2022.

During the year period we continued the recruitment into vacant Executive Leadership roles which had carried over from the prior financial year and made appointments into these roles. During this period of recruitment, we had a number of senior managers acting in executive leadership roles to provide cover.

### **Material related party transactions – key management personnel**

During the year key management personnel, as part of normal local authority relationships, were involved in transactions with the Council such as payment of rates and purchases of rubbish bags or other Council services. These transactions were on normal commercial terms.

A related party of an Executive Leadership Team member provided training services, through a company, to Council during the year. These services valued at \$9,550 were procured as arm's

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length transactions on normal commercial terms. Except for these transactions no key management personnel have entered into related party transactions with the Group.

The Mayor and Councillor's disclose their personal interests in a register available on the Council website.

There are no commitments from Council to key management personnel.

***Material related party transactions – structured entities***

***NZ Local Government Funding Agency Limited (LGFA)***

The LGFA was incorporated on 1 December 2011 and was established to facilitate the efficient, and cost effective, raising of debt funding for local government authorities. There are currently 30 regional, district and city councils throughout New Zealand that own 80 percent of the issued capital, with the Government holding the remaining 20 percent. The Council became an establishment shareholder in this Council Controlled Trading Organisation (CCTO) and currently has an investment of \$1.866m representing 8.3 percent of paid-up capital.

During the year ending 30 June 2022 Council drew down new borrowings of \$246.000m and repaid \$86.500m. Interest expense is paid quarterly in arrears on all borrowings and interest revenue of \$0.070m was received on \$1.184m of maturing borrower notes. Council borrowings from the LGFA are comprised of \$100.000m (2021:100.000m) of Fixed Rates Bonds and \$863.000m (2021: \$691.000m) of Floating Rate Notes, including a \$30.000m Green Bond.

Council holds \$19.868m (2021: \$14.902m) of investment borrower notes and during the year Council received a shareholder dividend of \$0.064m (2021: \$0.066m)

***Wellington International Airport Limited***

**COVID-19:** Support for an underwrite of additional equity, originally provided in 2020/21 and extended in 2021/22 ceased at 30 June 2022 as it was no longer required. For more information refer to Note 34: Contingencies (pg XX).



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**Material related party transactions – unstructured entities**

<b>Table 90: Basin Reserve Trust</b>	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
<b>Summarised financial information of unstructured entity</b>		
Total assets	913	856
Total liabilities	(309)	(199)
<b>Net assets</b>	<b>604</b>	<b>657</b>
Revenue	1,280	1,212
Expenses	(1,332)	(1,138)
<b>Surplus / (deficit)</b>	<b>(52)</b>	<b>74</b>

Tables 90 and 91 below:

**Basin Reserve Trust (BRT)**

The Basin Reserve Trust was established on 24 February 2005 to manage, operate and maintain the Basin Reserve. The Trust was jointly created with Cricket Wellington Incorporated (CWI). Wellington City Council and CWI each appoint two of the four trustees. Wellington City Council does not have an equity investment in the Trust but has influence over the Trust through the appointment of trustees and receives benefits from the complementary activities of the Trust in alignment with the Council's objectives.

During the year ending 30 June 2022 Council contributed \$0.718m (2021: \$0.695m) to fund the core operations of the Trust.

**Wellington Regional Stadium Trust (WRST)**

Wellington Regional Stadium Trust was jointly created by Wellington City Council and Greater Wellington Regional Council. Wellington City Council does not have an equity investment in the Trust but has influence over the Trust through the appointment of trustees and receives benefits from the complementary activities of the Trust in alignment with the Council's objectives.

Council holds a \$15m limited recourse loan to WRST which, is unsecured, with no specified maturity and at no interest. The loan is not repayable until all other debts are extinguished. On maturity of the initial WRST membership underwrite, the unpaid interest was converted to a \$0.395m advance repayable after all other advances made by the Council and Greater Wellington Regional Council.

During the year ending 30 June 2022 Council transacted directly with WRST to the amount of \$1.500m (2021: \$2.954m). This payment was made to support the operations of the Trust due to COVID-19 disruptions.

In addition, WRST made further drawdowns on the joint loan facility (WCC and GWRC) for the amount of \$1.200m (2021: \$0.900m). This loan facility was made available for COVID-19 impact support and additional concourse works. This facility is now fully drawn. Refer to Note 15: Other Financial assets (page XX), for more information on this loan.

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<b>Table 91: Wellington Regional Stadium Trust</b>	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
<i>Summarised financial information of unstructured entity</i>		
Total assets	95,305	98,527
Total liabilities	(9,431)	(48,503)
<b>Net assets</b>	<b>85,874</b>	<b>50,024</b>
Revenue	7,654	14,485
Expenses	(12,354)	(13,224)
<b>Surplus / (deficit)</b>	<b>(4,700)</b>	<b>1,261</b>

***Intra group transactions and balances – Joint Operations***

During the year the Council has entered into transactions with its joint operations partners Porirua City Council and Let's Get Wellington Moving. These transactions disclosed are within the normal course of business. The nature of these intra-group transactions and the outstanding balances at the year-end are as follows in *Table 92*.

<b>Table 92: Intra group transactions and balances - Joint operations</b>	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
<b>Share of jointly incurred expenditure</b>		
Porirua - waste water treatment plant	2,620	2,254
Let's Get Wellington Moving	6,660	5,199
	<b>9,280</b>	<b>7,453</b>
<b>Current receivables and recoverables owing to the Council from:</b>		
Let's Get Wellington Moving	<b>5,762</b>	<b>897</b>

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***Intra group transactions and balances – Controlled entities***

During the year the Council has entered into transactions with its controlled entities. These transactions disclosed are within the normal course of business. The nature of these intra-group transactions and the outstanding balances at the year-end are as follows in *Table 93*.

<b>Table 93: Intra group transactions and balances - Controlled entities</b>		<b>2022</b>	<b>2021</b>
		<b>\$000</b>	<b>\$000</b>
<b>Revenue received by Council for services provided to:</b>			
	Karori Sanctuary Trust	37	31
	Wellington Cable Car Limited	103	53
	Wellington Museums Trust	1,457	1,444
	Wellington Regional Economic Development Agency	41	110
	Wellington Zoo Trust	151	611
		<b>1,789</b>	<b>2,249</b>
<b>Grant funding paid by Council for the operations and management of:</b>			
	Karori Sanctuary Trust	1,496	1,487
	Wellington Museums Trust	9,940	9,963
	Wellington Regional Economic Development Agency	12,515	11,463
	Wellington Zoo Trust	3,639	3,508
		<b>27,590</b>	<b>26,421</b>
<b>Funding paid by Council for COVID-19 support of:</b>			
	Karori Sanctuary Trust	-	-
	Wellington Cable Car Limited	977	1,587
	Wellington Museums Trust	469	731
	Wellington Zoo Trust	509	-
		<b>1,955</b>	<b>2,318</b>
<b>Expenditure payments made by Council for services provided by:</b>			
	Karori Sanctuary Trust	10	10
	Wellington Cable Car Limited	99	3
	Wellington Museums Trust	81	771
	Wellington Regional Economic Development Agency	3,883	3,942
	Wellington Zoo Trust	3,257	1,777
		<b>7,330</b>	<b>6,503</b>
<b>Current receivables and recoverables owing to the Council from:</b>			
	Karori Sanctuary Trust	6	4
	Wellington Cable Car Limited	-	-
	Wellington Museums Trust	165	175
	Wellington Regional Economic Development Agency	-	61
	Wellington Zoo Trust	46	554
		<b>217</b>	<b>794</b>
<b>Current payables owed by the Council to:</b>			
	Karori Sanctuary Trust	-	-
	Wellington Cable Car Limited	287	1,212
	Wellington Museums Trust	353	544
	Wellington Regional Economic Development Agency	1,381	12
	Wellington Zoo Trust	1,518	1
		<b>3,539</b>	<b>1,769</b>

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***Current receivables, recoverables and payables***

The receivable, recoverable and payable balances are non-interest bearing and are to be settled with the relevant entities on normal trading terms and conditions.

***Payments to controlled entities***

The total payments to controlled entities were \$36.875m (2021: \$35.242m) when the grant funding of \$27.590m (2021: \$26.421m), COVID-19 Support of \$1.955m (2021: \$2.318m) and expenditure for services provided to Council of \$7.330m (2021: \$6.503m) are combined.

***Intra group transactions and balances – Associates and Joint Venture***

During the year the Council has entered into several transactions with its associates and joint venture. These transactions disclosed are within the normal course of business. The nature of these intra-group transactions and the outstanding balances at the year-end are as follows in *Table 94*.

<b>Table 94: Intra group transactions and balances - Associates and joint venture</b>		<b>2022</b>	<b>2021</b>
		<b>\$000</b>	<b>\$000</b>
<b>Revenue received by Council for services provided to:</b>			
	Wellington International Airport Limited	102	56
	Wellington Water Limited	571	702
		<b>673</b>	<b>758</b>
<b>Expenditure payments made by Council for services provided by:</b>			
	Wellington International Airport Limited	87	64
	Wellington Water Limited	107,628	97,774
		<b>107,715</b>	<b>97,838</b>
<b>Current receivables and recoverables owing to the Council from:</b>			
	Wellington International Airport Limited	24	-
	Wellington Water Limited	144	26
		<b>168</b>	<b>26</b>
<b>Current payables owed by the Council to:</b>			
	Wellington Water Limited	<b>2,763</b>	<b>14,397</b>

***Current receivables, recoverables and payables***

The receivable, recoverable and payable balances are non-interest bearing and are to be settled with the relevant entities on normal trading terms and conditions.

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## Note 38: Remuneration and staffing

### Mayoral and Councillor remuneration

#### Remuneration

The following people held office as elected members of the Council's governing body, during the reporting period. The total remuneration was \$1,854,224 (2021: \$1,846,046) and is broken down and classified as follows in *Table 95*.

Table 95: Elected Council member remuneration	Monetary Remuneration				Non-monetary Remuneration	Total 2022	
	Remuneration Authority Determination effective from 1 July 2021	Remuneration <sup>1</sup> Authority Determination effective from 29 October 2021	Total Salary Pro-rated	Allowances			
	\$	\$	\$	\$	\$	\$	
	Foster, Andy (Mayor)	180,500	180,500	180,500	250	6,139	186,889
	Free, Sarah (Deputy Mayor)	130,227	140,056	136,825	250	6,139	143,214
Calvert, Diane	113,025	121,554	118,750	250	6,139	125,139	
Condie, Jenny	113,025	121,554	118,750	250	6,139	125,139	
Day, Jill	113,025	121,554	118,750	250	6,139	125,139	
Fitzsimons, Fleur	111,225	119,618	116,859	250	6,139	123,248	
Foon, Laurie	111,225	119,618	116,859	250	6,139	123,248	
Matthews, Rebecca	113,025	121,554	118,750	250	6,139	125,139	
O'Neill, Teri	111,225	119,618	116,859	250	6,139	123,248	
Pannett, Iona	113,025	121,554	118,750	250	6,139	125,139	
Paul, Tamatha	111,225	119,618	116,859	710	6,139	123,708	
Rush, Sean	113,025	121,554	118,750	250	6,139	125,139	
Sparrow, Malcolm (resigned 8 October 2021)	111,225	-	31,387	250	1,705	33,342	
Woolf, Simon	111,225	119,618	116,859	250	6,139	123,248	
Young, Nicola	111,225	119,618	116,859	250	6,139	123,248	
<b>TOTAL REMUNERATION PAID TO COUNCIL MEMBERS</b>	<b>1,767,452</b>	<b>1,767,588</b>	<b>1,762,363</b>	<b>4,210</b>	<b>87,651</b>	<b>1,854,224</b>	
						<b>Total monetary remuneration</b>	<b>1,766,573</b>
						<b>Total non-monetary remuneration</b>	<b>87,651</b>

1. Due the resignation of Councillor Sparrow, with effect from 8 October 2021, his salary was required to be-redistributed equally to the other remaining Councillors, as no by-election was required to fill this vacancy. A new salary determination from the Remuneration Authority was required to formalise this process, and the total salaries applicable have been shown individually above and pro-rated accordingly.

#### Salary

The Remuneration Authority is responsible for setting the remuneration levels for elected members (Clause 6, Schedule 7 of the Local Government Act 2002). The Council's monetary remuneration (salary) detailed above was determined by the Remuneration Authority. As

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permitted under the Authority's guidelines the Council has chosen for its elected members to receive an annual salary for the 2021/22 financial year rather than the alternative option of a combination of meeting fee payments and annual salary.

***Mayoral car***

The Remuneration Authority does permit Council to provide the Mayor with a vehicle for full private use, which is a taxable benefit and the current Mayor has taken up this option.

***Non-monetary***

In addition, the Mayor and Councillors receive non-monetary remuneration (benefit) in relation to on-site car parking spaces provided, regardless of whether they elect to use these or not.

The Councillors have shared office and working space available for use, and access to phones and computers. Professional indemnity and trustee liability insurance is also provided to Councillors against any potential legal litigation which may occur while undertaking Council business.

***Relevant significant accounting policies***

Remuneration of elected members comprises any money, consideration or benefit received or receivable or otherwise made available, directly or indirectly, during the reporting period but does not include reimbursement of authorised work expenses or the provision of work-related equipment such as cell phones and laptops.

***Community Boards***

The Council has two community boards – the Tawa Community Board and the Makara/Ohariu Community Board. Remuneration paid to the elected members of these boards is as follows in *Table 96*.



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<b>Table 96: Community Board Member remuneration</b>	<b>Salary</b>	<b>Allowances</b>	<b>Other</b>	<b>Total 2022</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>TAWA COMMUNITY BOARD</b>				
Parkinson, Robyn (Chair)	19,092	135	-	19,227
Alexander, Malcolm (resigned from 13 October 2021)	2,746	-	-	2,746
Herbert, Richard (Deputy Chair)	9,546	-	-	9,546
Hansen, Graeme	9,546	-	-	9,546
Fernandez, Janryll (elected from 2 December 2021)	5,518	-	-	5,518
Lacy, Jackson (includes Youth Council attendance fees)	9,546	-	690	10,236
Scott, Anna	9,546	-	-	9,546
Day, Jill (see Councillor remuneration above)				-
<b>MAKARA-OHARIU COMMUNITY BOARD</b>				
Apanowicz, John (Chair)	9,570	180	-	9,750
Grace, Christine (Deputy Chair)	4,784	-	-	4,784
Hoskins, Darren	4,784	-	-	4,784
Renner, Chris	4,784	-	-	4,784
Rudd, Wayne	4,784	-	-	4,784
Todd, Hamish	4,784	-	-	4,784
<b>TOTAL REMUNERATION TO COMMUNITY BOARD MEMBERS</b>	<b>99,030</b>	<b>315</b>	<b>690</b>	<b>100,035</b>

A technology allowance of \$45 per month is available to the chair of both the Tawa and Makara/Ohariu Community Boards. This allowance can be taken as either an allowance or as an actual expense reimbursement.

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### **Chief Executive's remuneration**

The Chief Executive of the Council was appointed in accordance with section 42 of the Local Government Act 2002.

Table 97 below, shows the total remuneration of the Chief Executive paid or payable for the year ended 30 June 2022.

Under the terms of the agreement, the Chief Executive of the Council chooses how they wish to take their remuneration package (salary only or a combination of salary and benefits).

The total remuneration package for the Chief Executive is \$454,130 (2021: \$436,664).

Note that during the period of 1 July to 31 December 2020 the Chief Executive, along with the member of the Executive Leadership team took a 10% voluntary salary sacrifice, as a COVID-19 response, which meant her actual remuneration for the year ending 30 June 2021 was \$414,651

Table 97: Remuneration of the Chief Executive	Council	
	2022	2021
	\$	\$
<b>Barbara McKerrow</b>		
Salary	454,130	414,651
(2021 - amount reflects 10% salary sacrifice to 31 December 2020)		
<b>TOTAL REMUNERATION OF THE CHIEF EXECUTIVE</b>	<b>454,130</b>	<b>414,651</b>

### **Severances**

In accordance with Schedule 10, section 33 of the Local Government Act 2002, the Council is required to disclose the number of employees who received severance payments during the year and the amount of each severance payment made.

Severance payments include any consideration (monetary and non-monetary) provided to any employee in respect of the employee's agreement to the termination of their employment with the Council. Severance payments exclude any final payment of salary, holiday pay and superannuation contributions or other contractual entitlement.

For the year ending 30 June 2022 the Council made severance payments to 8 employees totalling \$148,068 (2021: 11 employees, \$203,351).

The individual values of each of these Council severance payments are: \$840; \$40,000; \$2,311; \$3,872; \$11,821; \$30,020; \$29,204; \$30,000.

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**Employee numbers and remuneration bands**

Table 98 below, identifies the number of full-time employees as at the of the reporting period and the full-time equivalent number of all other part-time, fixed term and casual employees.

Table 98: Employee numbers	Council	
	2022	2021
<b>Full-time and full-time equivalent employee numbers</b>		
Full-time employees (based on a 40 hour week) as at 30 June	1,251	1,156
Full-time equivalents for all other non full-time employees	295	278

Table 99 further identifies the breakdown of remuneration levels of those employees into various bands.

Table 99: Remuneration bands	Council
	2022
The number of employees receiving total annual remuneration of less than \$60,000 Of the 974 (2021: 965) employees in this band, 649 (2021: 629) are part-time or casual	974
The number of employees receiving total annual remuneration of more than \$60,000 in bands of \$20,000	
\$60,000 - \$79,999.99	294
\$80,000 - \$99,999.99	254
\$100,000 - \$119,999.99	178
\$120,000 - \$139,999.99	138
\$140,000 - \$159,999.99	52
\$160,000 - \$179,999.99	32
\$180,000 - \$199,999.99	19
\$200,000 - \$219,999.99	9
\$220,000 - \$259,999.99*	9
\$280,000 - \$359,999.99*	7
\$440,000 - \$459,999.99*	1
<b>TOTAL EMPLOYEES</b>	<b>1,967</b>

Of the 1967 (2021: 1,833) individual employees, 716 (2021: 677) work part-time or casually.

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<b>Table 100: Remuneration bands</b>	<b>Council 2021</b>
The number of employees receiving total annual remuneration of less than \$60,000 Of the 965 (2020: 991) employees in this band, 629 (2020: 640) are part-time or casual	965
The number of employees receiving total annual remuneration of more than \$60,000 in bands of \$20,000	
\$60,000 - \$79,999.99	283
\$80,000 - \$99,999.99	248
\$100,000 - \$119,999.99	160
\$120,000 - \$139,999.99	84
\$140,000 - \$159,999.99	30
\$160,000 - \$179,999.99	25
\$180,000 - \$199,999.99	15
\$200,000 - \$219,999.99	8
\$220,000 - \$259,999.99*	7
\$280,000 - \$339,999.99*	7
\$440,000 - \$459,999.99*	1
<b>TOTAL EMPLOYEES</b>	<b>1,833</b>

Total annual remuneration has been calculated to include any non-financial benefits and other payments in excess of normal remuneration such as the employer KiwiSaver contribution.

\*If the number of employees for any band was 5 or less then we are legally required to combine it with the next highest band. This means that some rows span different bands across the two years shown.

Council has resolved that in addition to legislative requirements to disclose the above bandings it has also included the 2 lowest remuneration grades as shown in *Table 101*.

<b>Table 101: Lowest remuneration grades</b>	<b>Salary Range (\$)</b>	<b>2022</b>
Q (Living Wage)	47,450	299
9	47,450 - 59,925	452
		<b>2021</b>
Q (Living Wage)	46,094	311
9	46,905 - 59,160	442

The current living wage rate for Council was \$22.75 per hour for the period to 30 June 2022. Each year the living wage rate for Council will be reviewed in accordance with the latest Living Wage rate announced/published by Living Wage Aotearoa.

## Note 39: Events after the end of the reporting period

There are no events after the end of the reporting period that require adjustment to the financial statements or notes to the financial statements.

The following updates have been included due to their significance.

### **Weather Impacts**

During August 2022, prolonged and higher than usual rainfall has caused several substantial slips and hundreds of more minor one with many roads being temporarily closed. Many houses are also at risk and several are no longer safe for habitation.

The ongoing impact and cost of this event is still to be determined.

### **Three Waters Reform**

In July 2020, the Government launched the Three Waters Reform Programme – a three-year programme to reform local government three waters service delivery arrangements. Currently 67 different councils own and operate the majority of the drinking water, wastewater and stormwater services across New Zealand. The proposed reform programme is being progressed through a partnership-basis approach with the local government sector, alongside iwi/Māori as the Crown's Treaty Partner.

During the financial year, further progress has been made towards transitioning three waters assets and delivery services from councils via the establishment of a National Transition Unit (NTU) and the establishment of the four new water entities. It has now been confirmed that Wellington City Council water delivery will be assumed by Entity C along with all eligible assets. Further development has occurred where the first Water Services Entity Bill was introduced to parliament in early June, this is expected to receive cabinet approval by 31 December 2022. With further enabling legislation to follow.

There are several compensation packages being provided by the Crown to ensure Wellington City Council is not put in a worse off position post water reform and these are being worked on as more detail becomes available. Wellington City Council have been working alongside the NTU to provide information to support establishment of the new three waters landscape and are providing staff and resources to enable the transition to occur on 1 July 2024.

### **Sludge Minimisation Project**

To address the issues identified with Wellington wastewater treatment, and achieve the objectives identified, Wellington City Council intends to construct a Sludge Minimisation Facility using Lysis-Digestion and Thermal Drying Technology at the Moa Point site to facilitate the disposal of Wellington's sewage sludge. WCC has been working to deliver a reliable and effective new facility to substantially reduce the wastewater treatment sludge volume discharged to the southern landfill. The SMF will play a key role in ensuring that WCC's waste management systems are effective and sustainable and is an important enabler of WCC achieving its emission reduction targets.

Traditional funding and financing of the SMF is not feasible given balance sheet constraints or would require significant reprioritisation of the Council's existing long-term capital expenditure

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programme to ensure that debt covenants were not exceeded. Furthermore, future headroom to fund strategically important initiatives such as Let's Get Wellington Moving would be unavailable. We have therefore looked to use an alternative funding option based on the new Infrastructure Funding and Financing Act 2020 (IFFA). Using an IFF Levy to fund the SMF will deliver a range of benefits to WCC, its ratepayers and the Crown.

**Let's Get Wellington Moving (LGWM)**

LGWM is a joint initiative between Wellington City Council, Greater Wellington Regional Council, and Waka Kotahi NZ Transport Agency, with support from Mana Whenua partners Taranaki Whānui ki Te Upoko o Te Ika and Ngāti Toa Rangatira.

On July 6th, 2022, Wellington City Council and Greater Wellington Regional Council approved the mass rapid transport option 1 for the LGWM programme, the same option endorsed by Government the week before.

Option 1 introduces mass rapid transit to the South Coast and continuous bus priority to the East and focuses on a new Mt Victoria tunnel with dedicated provision for public transport, walking and cycling, as well as upgrades at the Basin Reserve to improve flows and physically separate movements and extend the Arras tunnel.

The next stage will involve detailed investigations which will test assumptions. Bus rapid transit will also be investigated further as a reserve plan may be appropriate given technological developments.

**COVID-19**

The financial impact of COVID-19 to Council in 2021/22 and earlier years is outlined in the separate disclosure on page XX.

From 31 July 2022, New Zealand fully opened its international borders with the world, assuming vaccination requirements are met. Migrant workers and international students are also slowly returning to New Zealand. However many New Zealanders and other non-New Zealand citizens are also leaving with a net migration loss.

The combined effect of this net migration loss and other factors including lingering effects of COVID-19 in the community, and other winter illnesses in particular, is contributing to the lack of staff in various employment sectors. Council has not been immune to this situation and has been required to close the Tawa Pool to the general public since 25 July 2022 until 30 September 2022 due to a nationwide shortage of lifeguards. Generally, other operations of Council have been able to continue as usual.

From 13 September 2022, the COVID-19 Protection Framework ended and most restrictions were removed apart from mask requirements in certain healthcare environments such as hospitals. The vaccine requirements previously required for international visitors were also removed.

**Resource Management Act reform**

In February 2021, the government announced that it would replace the Resource Management Act 1991 (RMA) with a new legislative framework, reflecting that the RMA has not delivered the desired environmental and development outcomes, and does not consistently give effect to Te Tiriti o Waitangi/ the Treaty of Waitangi.



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This new legislative framework will include the Natural and Built Environments Act (NBA), Strategic Planning Act (SPA), and Climate Adaptation Act (CAA). The NBA will act as the primary replacement of the RMA, focusing on protecting and restoring the environment while enabling development; the SPA will require spatial planning to be undertaken at a regional level rather than a local level, helping to coordinate and integrate decision making, and the CAA will address issues related to the managed retreat of communities from coastal environments.

Together, the purpose of this new framework is to support the protection and restoration of the environment, guide long-term regional spatial planning, and address issues associated with climate change adaptation.

The Ministry for the Environment has announced a new Local Government Steering Group to advise the Government on the resource management system reforms. This Steering Group includes 12 local government elected members and senior council executives to ensure a partnership relationship around the reform. This journey is just starting from legislative design to establishment of the new system and transitioning to it will take several years.

#### **Future for Local Government Review**

In 2021, the government appointed a panel to identify how our system of local democracy and governance needs to evolve over the next 30 years to improve the wellbeing of New Zealand communities and the environment, and to actively embody the Treaty partnership.

The scope of this local government review covers all aspects of local government, including the functions, roles, and structures of local government; relationships between local government, central government, iwi, Māori, businesses, communities, and other organisations; the embodiment of Te Tiriti o Waitangi, and funding and financing arrangements.

As a result of the Review Panel's engagement process over the past 12 months, five key shifts for the local government system have been identified.

These shifts consider how to:

- strengthen local democracy
- have a stronger focus on wellbeing
- build and maintain authentic relationships with hapū/ iwi/ Māori
- have genuine partnership between local and central government
- establish a more equitable funding approach for local government's activities.

Currently the Panel is developing its draft report, due to go to the Minister this October. This draft report and recommendations will be issued for public consultation. The Panel is due to present its final report to the Minister and Local Government New Zealand April 2023.

## Financial prudence

The government has introduced the Local Government (Financial Reporting and Prudence) Regulations 2014 which has a series of measures and benchmarks, disclosed in the following pages.

Readers are urged to read the commentary and explanations provided to give context to the information, as it is not always possible to compare Wellington City Council's results with other councils due to their size, location and provision of services.

During the 2018-28 Long-Term Plan process and with consultation with ratepayers, the Council revised the number of benchmarks and removed measures that were similar in nature and added no value in understanding of the measures to readers.

### Annual report disclosure statement for year ended 30 June 2022

#### **What is the purpose of this statement?**

The purpose of this statement is to disclose the council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Unless prescribed by the regulations the quantified limit for each benchmark is calculated using the financial information from the Council's 2021-31 LTP.

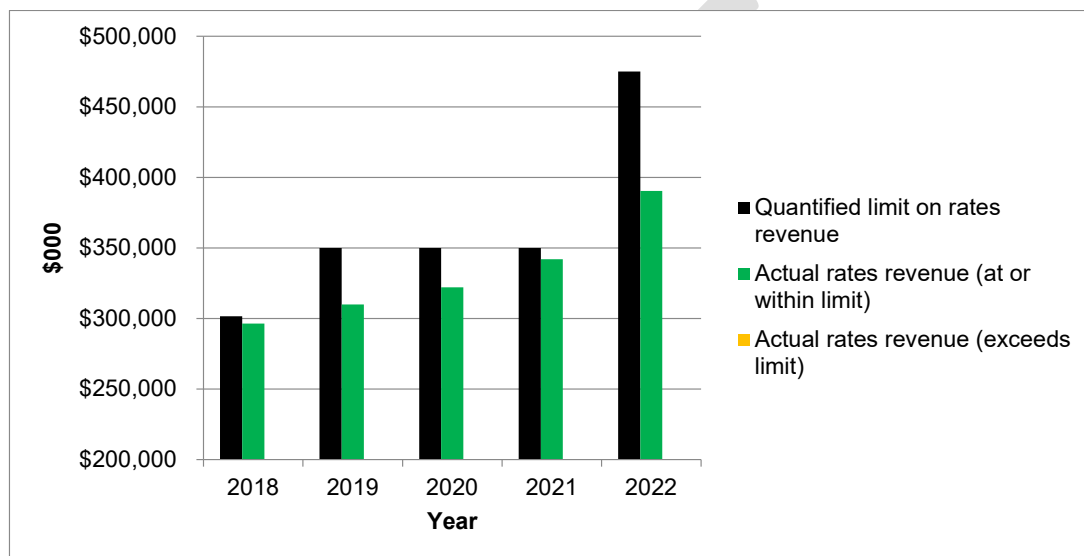
## Rates affordability benchmark

The council meets the rates affordability benchmark if—

- its actual rates revenue equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

### Rates (revenue) affordability

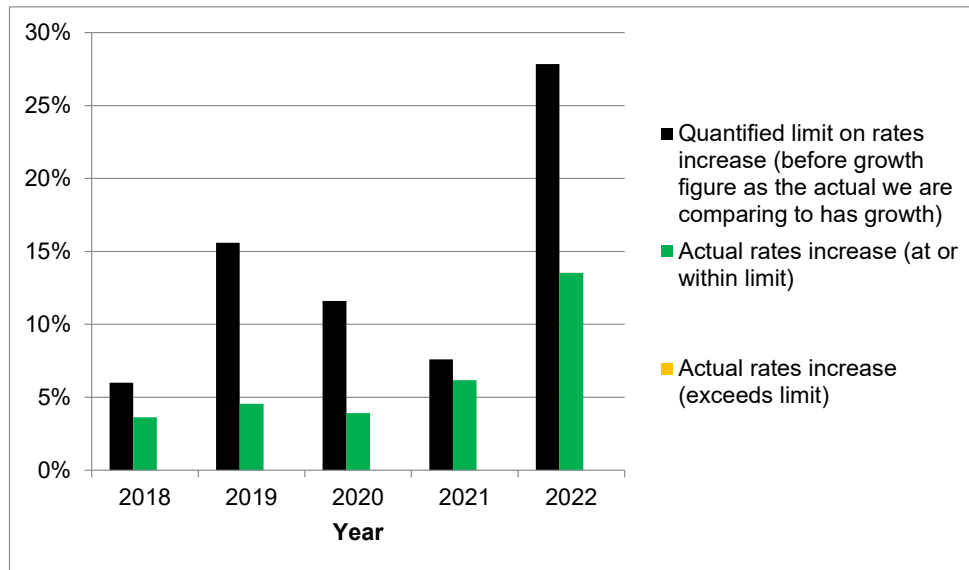
The following graph compares the council's actual rates revenue with a quantified dollar limit on rates revenue included in the financial strategy included in the council's long-term plan. The quantified limit for the first three years of the 2021-31 LTP, which encompasses the financial years 2021/22; 2022/23 and 2023/24 is \$475,000,000. This means rates revenue should remain below this limit for each of these years.



**Rates (increases) affordability**

The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy in the council's long-term plan.

The quantified limit for 2021/22 is 27.8% although the actual rates increase set for the 2021/22 year was lower than this limit. The rates increase proposed in the 2021-31 LTP is equivalent to an average rates increase of 10.5% over the first three years, which encompasses the financial years 2021/22; 2022/23 and 2023/24.

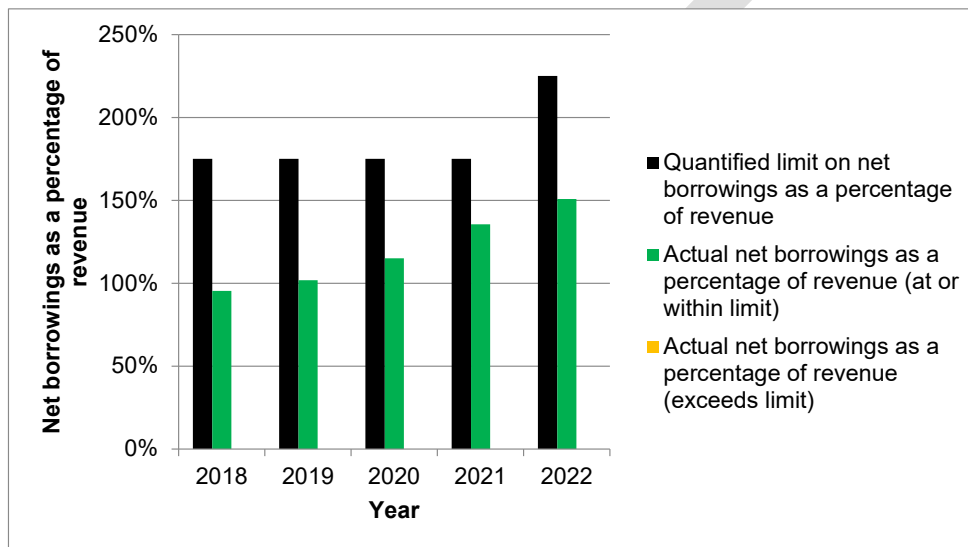


## Debt affordability benchmark

The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The Council has seven measures for debt affordability and these are set out below. The suitability of these measures has been assessed by Council’s professional advisers, PwC Wellington.

### Net borrowing as a percentage of revenue <sup>1</sup>

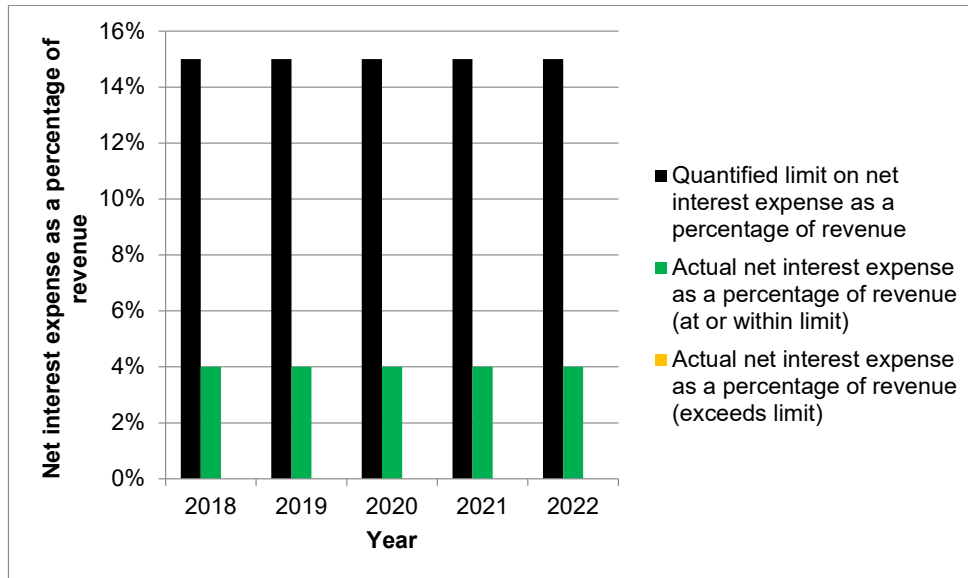
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is net borrowings, comprised of borrowings less cash and cash equivalents, being less than or equal to 225% of revenue. For this measure revenue is defined as total revenue less vested assets and development contribution revenue.



1. The revenue figure used for this calculation of Net Borrowing as percentage of Revenue and Net Interest as a percentage of Revenue is Total Revenue less Vested Assets and Development Contribution Revenue.

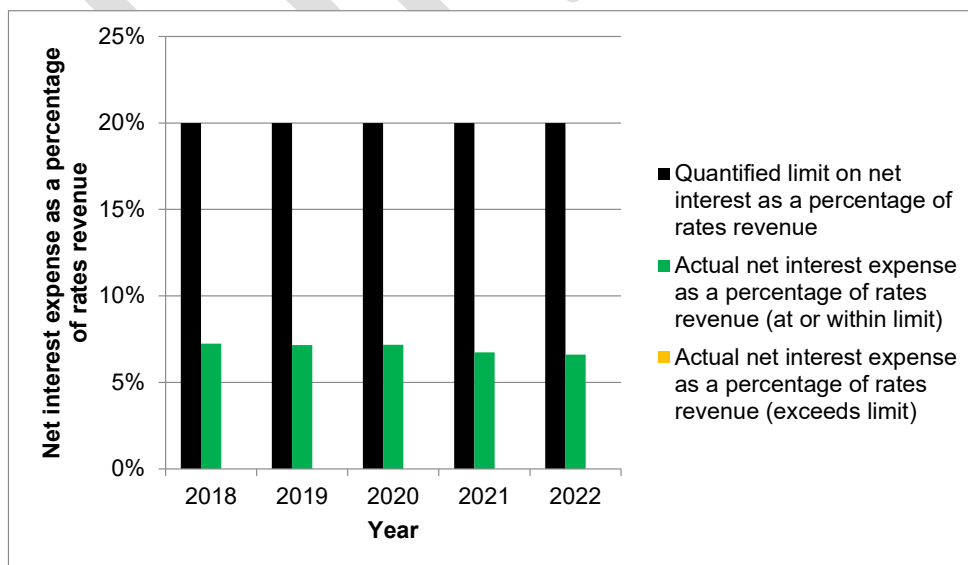
**Net interest as a percentage of revenue <sup>1</sup>**

The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is net interest, defined as interest expense less interest revenue, being less than or equal to 15 percent of revenue. For this measure revenue is defined as total revenue less vested assets and development contribution revenue.



**Net interest as a percentage of annual rates revenue**

The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is net interest, defined as interest expense less interest revenue, being less than or equal to 20 percent of annual rates revenue.

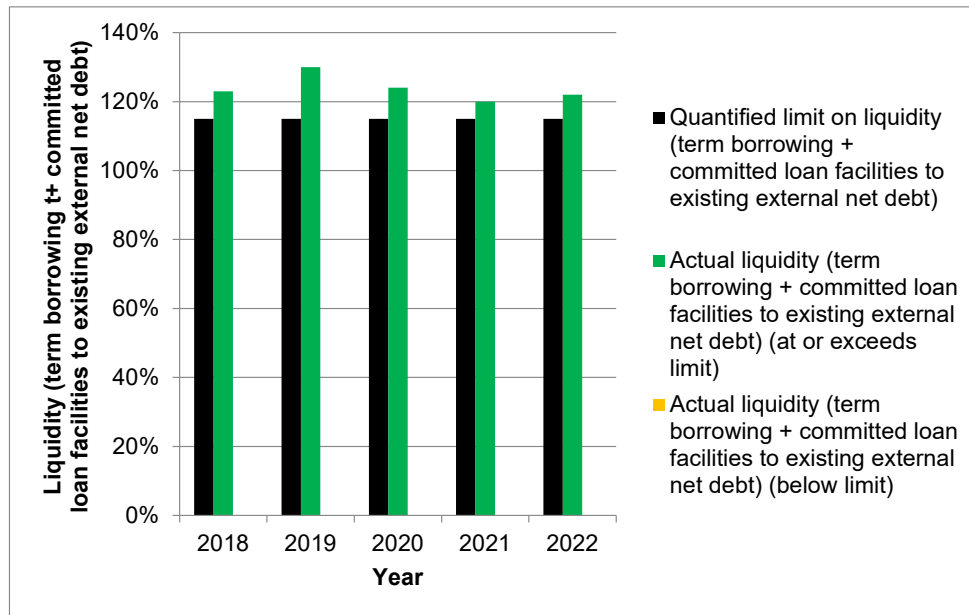




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**Liquidity (term borrowing + committed loan facilities to existing external net debt)**

The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is liquidity being greater than or equal to 115 percent. For debt affordability, liquidity is the total of Council's existing external net debt. Net borrowings for debt affordability are defined as borrowings less cash and cash equivalents.

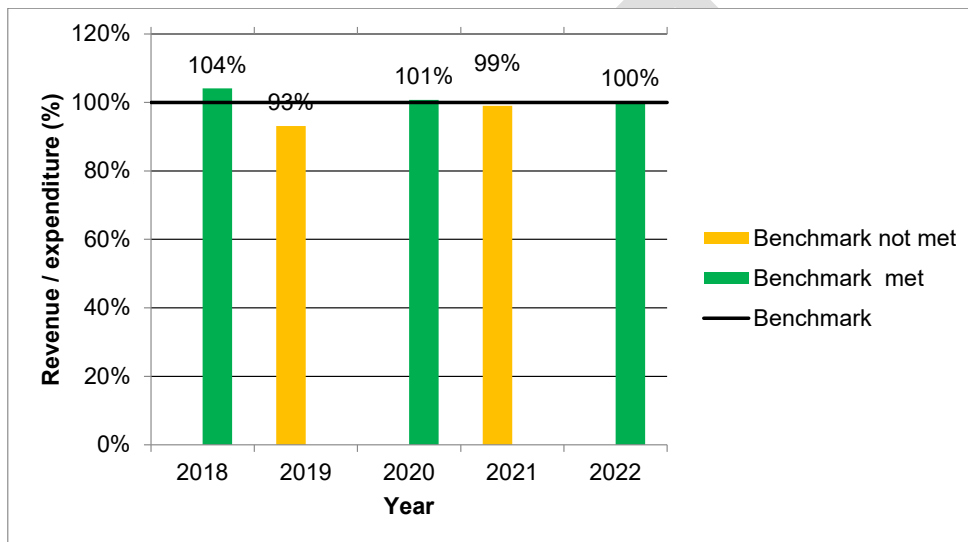


## Balanced budget benchmark

The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The council meets this benchmark if its revenue equals or is greater than its operating expenses.

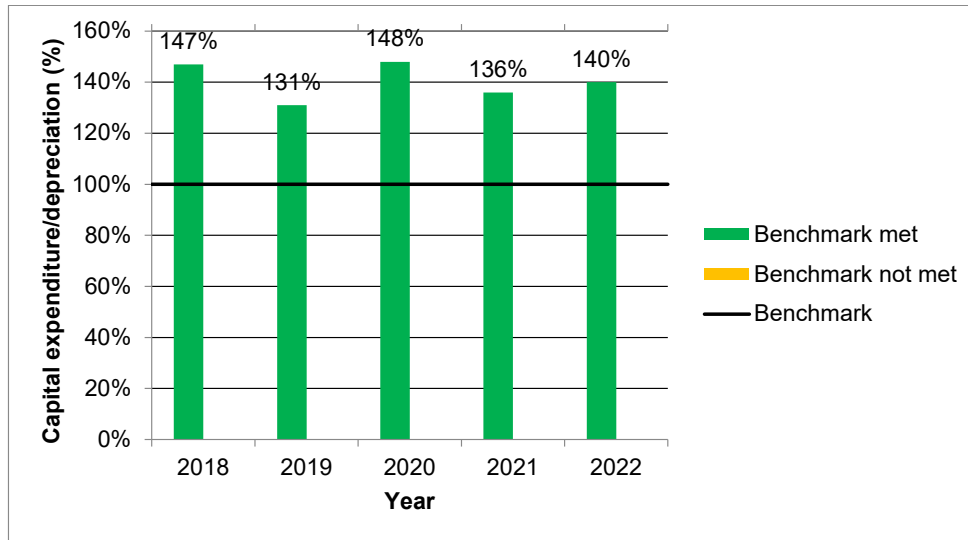
For the purposes of this benchmark, impairments, which represent a non-cash movement in the valuation of assets, were included in the calculation. These unbudgeted impairments represent asset valuation movements relating to Civic Precinct buildings as disclosed in the financial statements. For 2019, 2020, 2021 and 2022 impairments of \$50.603m, \$10.183m, \$1.848m \$4.414m and were included in the calculation. If these were excluded, the benchmarks for these four years would be 102%, 103%, 99% and 101% respectively.



### Essential services benchmark

The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services.

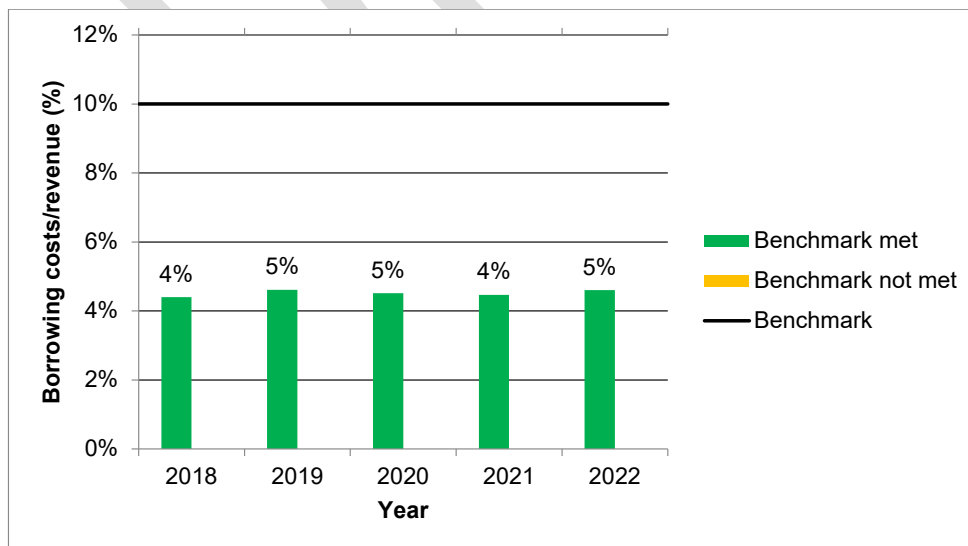
The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



### Debt servicing benchmark

The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the council's population will grow as fast as the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10 percent of its revenue.

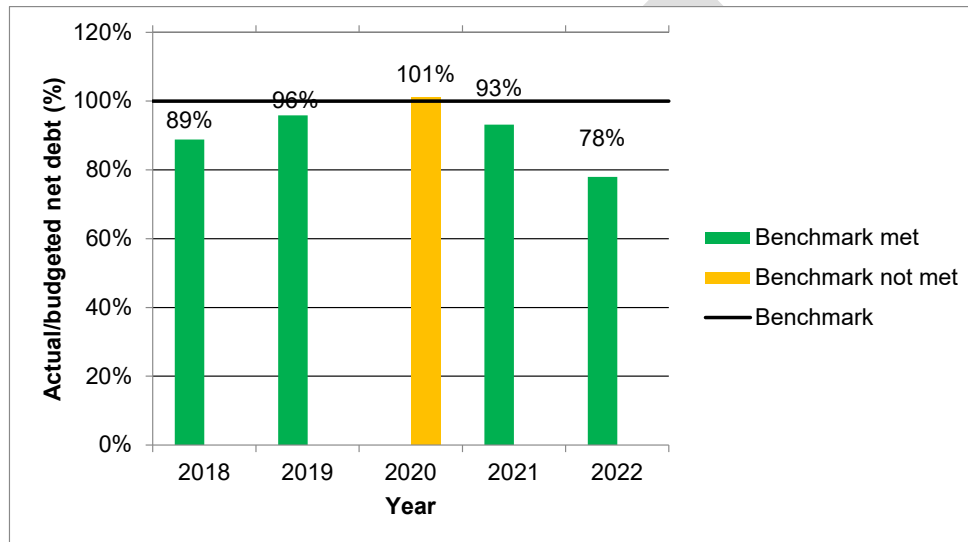


## Debt control benchmark

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

The calculation of net debt in this benchmark includes derivative (non-cash) financial instruments, predominantly cash flow hedges. The 2019/20 net debt was impacted by the valuation of the Council's cash flow hedge liabilities being higher than planned as a result of interest rate volatility during the financial year.

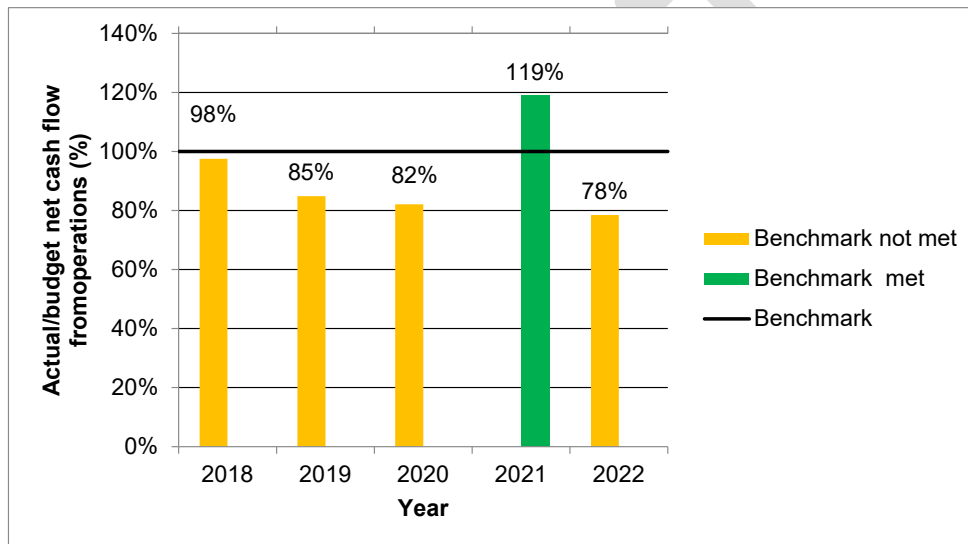


### Operations control benchmark

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.

A number of assumptions are made around the timing of events. Any departure from these assumptions can affect the outcome of this measure. The Council is satisfied that it is prudently managing operational cash flow, with variances in the 2017/18, 2018/19, 2019/20 and 2021/22 years explained by the timing difference in the receipt of revenues compared to budget that led to the “not met” outcome for this measure. In 2019/20 and 2021/22 there were also significant revenue losses due to the COVID-19 lockdown which would have impacted this measure.



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## Funding impact statements

### Annual report disclosure statement for year ended 30 June 2022

#### ***What is the purpose of these statements?***

An annual report must include an audited funding impact statement for the financial year to which the report relates. The purpose of the Funding impact statements is to disclose the amount of funds produced from each source of funding, identify how the funds were applied and compare this information against the information included in the 2021/22 LTP.

One statement is prepared for the whole of Council's activities and individual statements are prepared for each strategic activity.

The application of capital funding is summarised in an additional table on pg XX

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Funding impact statement for 1 July 2021 to 30 June 2022 for Whole of Council					
	2020/21	2020/21	2020/21	2021/22	2021/22
	LTP	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	200,332	196,248	195,122	227,390	226,129
Targeted rates	147,291	147,738	146,792	165,415	162,047
Subsidies and grants for operating purposes	6,712	8,972	13,003	8,616	21,667
Fees and charges	151,822	147,779	134,467	155,430	140,472
Interest and Dividends from investments	14,921	921	2,156	140	3,017
Local authorities fuel tax, fines, infringement fees, and other receipts	8,748	8,347	8,973	10,662	6,674
<b>Total operating funding (A)</b>	<b>529,826</b>	<b>510,004</b>	<b>500,513</b>	<b>567,653</b>	<b>560,006</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	341,516	376,461	346,809	387,684	384,963
Finance costs	38,175	25,718	25,164	23,323	29,000
Internal charges and overheads applied	42,099	48,490	32,832	37,952	36,719
Internal charges and overheads recovered	(42,099)	(48,490)	(32,832)	(37,952)	(36,719)
Other operating funding applications	45,692	53,671	48,307	49,187	46,217
<b>Total applications of operating funding (B)</b>	<b>425,383</b>	<b>455,850</b>	<b>420,280</b>	<b>460,194</b>	<b>460,180</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>104,443</b>	<b>54,154</b>	<b>80,233</b>	<b>107,459</b>	<b>99,826</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	20,136	2,611	31,793	41,051	33,634
Development and financial contributions	2,000	2,000	3,689	3,500	3,742
Increase (decrease) in debt	133,196	233,417	122,133	188,802	166,711
Gross proceeds from sales of assets	9,500	2,000	2,772	2,000	(5,749)
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>164,832</b>	<b>240,028</b>	<b>160,387</b>	<b>235,353</b>	<b>198,338</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	2,044	7,641	1,343	42,822	28,645
- to improve the level of service	150,473	161,666	153,998	173,973	146,163
- to replace existing assets	109,331	129,823	111,412	126,228	115,710
Increase (decrease) in reserves	7,427	18,551	(26,133)	(212)	7,646
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>269,275</b>	<b>317,681</b>	<b>240,620</b>	<b>342,812</b>	<b>298,164</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(104,443)</b>	<b>(77,653)</b>	<b>(80,233)</b>	<b>(107,459)</b>	<b>(99,826)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>					
	133,748	137,869	135,722	146,736	145,732

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<b>Funding impact statement for 1 July 2021 to 30 June 2022 for Governance, information and engagement</b>					
	2020/21	2020/21	2020/21	2021/22	2021/22
1.1	LTP	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	17,684	19,225	19,225	23,676	23,676
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	555	516	487	528	548
Internal charges and overheads recovered	-	-	14	-	239
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>18,239</b>	<b>19,741</b>	<b>19,726</b>	<b>24,204</b>	<b>24,463</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	10,842	11,820	10,303	15,131	13,377
Finance costs	24	15	15	11	16
Internal charges and overheads applied	7,348	7,961	8,893	8,475	8,073
Other operating funding applications	10	5,010	2,451	2,075	2,516
<b>Total applications of operating funding (B)</b>	<b>18,224</b>	<b>24,806</b>	<b>21,662</b>	<b>25,692</b>	<b>23,982</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>15</b>	<b>(5,065)</b>	<b>(1,936)</b>	<b>(1,488)</b>	<b>481</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	13	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(15)	5,065	5,064	2,675	2,677
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(15)</b>	<b>5,065</b>	<b>5,077</b>	<b>2,675</b>	<b>2,677</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	1,187	1,188
- to replace existing assets	-	-	-	-	-
Increase (decrease) in reserves	-	-	3,141	-	1,970
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>-</b>	<b>-</b>	<b>3,141</b>	<b>1,187</b>	<b>3,158</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(15)</b>	<b>5,065</b>	<b>1,936</b>	<b>1,488</b>	<b>(481)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>					
	15	25	14	6	5

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<b>Funding impact statement for 1 July 2021 to 30 June 2022 for Maori and Mana Whenua partnerships</b>					
1.2	2020/21 LTP \$000	2020/21 AP \$000	2020/21 Actual \$000	2021/22 LTP \$000	2021/22 Actual \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	320	317	317	3,717	3,717
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	10	-	-
Fees and charges	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>320</b>	<b>317</b>	<b>327</b>	<b>3,717</b>	<b>3,717</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	288	296	304	3,067	1,981
Finance costs	1	1	1	-	1
Internal charges and overheads applied	16	16	7	625	636
Other operating funding applications	10	-	-	20	-
<b>Total applications of operating funding (B)</b>	<b>315</b>	<b>313</b>	<b>312</b>	<b>3,713</b>	<b>2,618</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>5</b>	<b>4</b>	<b>15</b>	<b>4</b>	<b>1,099</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(5)	(4)	(3)	(4)	(1)
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(5)</b>	<b>(4)</b>	<b>(3)</b>	<b>(4)</b>	<b>(1)</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	-	-	-	-	-
Increase (decrease) in reserves	-	-	12	-	1,098
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>-</b>	<b>1,098</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(5)</b>	<b>(4)</b>	<b>(15)</b>	<b>(4)</b>	<b>(1,099)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>					
	5	4	3	4	1

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<b>Funding impact statement for 1 July 2021 to 30 June 2022 for Gardens, beaches and green open spaces</b>					
2.1	2020/21 LTP \$000	2020/21 AP \$000	2020/21 Actual \$000	2021/22 LTP \$000	2021/22 Actual \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	42,443	44,073	44,073	45,362	45,362
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	952	1,180	1,420	1,322	996
Fees and charges	2,030	1,427	1,715	1,844	1,701
Internal charges and overheads recovered	6,185	6,297	4,435	5,758	4,557
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	1	-	-
<b>Total operating funding (A)</b>	<b>51,610</b>	<b>52,977</b>	<b>51,644</b>	<b>54,285</b>	<b>52,616</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	24,718	26,463	23,328	29,759	26,870
Finance costs	4,072	2,082	2,032	2,044	2,883
Internal charges and overheads applied	15,175	16,091	14,079	14,224	13,108
Other operating funding applications	166	147	167	167	194
<b>Total applications of operating funding (B)</b>	<b>44,131</b>	<b>44,783</b>	<b>39,606</b>	<b>46,195</b>	<b>43,055</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>7,479</b>	<b>8,194</b>	<b>12,038</b>	<b>8,091</b>	<b>9,561</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	110	-	1,161
Development and financial contributions	183	183	635	320	353
Increase (decrease) in debt	(527)	(2,037)	13	(4,213)	(2,567)
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(344)</b>	<b>(1,854)</b>	<b>758</b>	<b>(3,894)</b>	<b>(1,053)</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	2,029	-	-	177	16
- to improve the level of service	2,417	3,036	3,488	408	1,102
- to replace existing assets	2,689	3,302	2,357	3,612	5,704
Increase (decrease) in reserves	-	2	6,951	-	1,686
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>7,135</b>	<b>6,340</b>	<b>12,796</b>	<b>4,197</b>	<b>8,508</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(7,479)</b>	<b>(8,194)</b>	<b>(12,038)</b>	<b>(8,091)</b>	<b>(9,561)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>					
	7,479	8,913	8,583	8,787	8,572

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<b>Funding impact statement for 1 July 2021 to 30 June 2022 for Waste reduction and energy conservation</b>					
	2020/21	2020/21	2020/21	2021/22	2021/22
2.2	LTP	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	771	1,228	1,228	815	815
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	16,965	21,053	22,899	22,337	28,511
Internal charges and overheads recovered	-	501	315	618	479
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>17,736</b>	<b>22,782</b>	<b>24,442</b>	<b>23,770</b>	<b>29,805</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	14,936	18,011	18,399	18,449	19,324
Finance costs	808	765	405	995	611
Internal charges and overheads applied	1,052	3,235	2,840	3,448	3,629
Other operating funding applications	120	210	65	6	(181)
<b>Total applications of operating funding (B)</b>	<b>16,916</b>	<b>22,221</b>	<b>21,709</b>	<b>22,899</b>	<b>23,383</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>820</b>	<b>561</b>	<b>2,733</b>	<b>871</b>	<b>6,422</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	8	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	5,097	6,203	6,257	516	(475)
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>5,097</b>	<b>6,203</b>	<b>6,265</b>	<b>516</b>	<b>(475)</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	5,917	6,764	8,979	1,387	1,019
Increase (decrease) in reserves	-	-	19	-	4,928
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>5,917</b>	<b>6,764</b>	<b>8,998</b>	<b>1,387</b>	<b>5,947</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(820)</b>	<b>(561)</b>	<b>(2,733)</b>	<b>(871)</b>	<b>(6,422)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>					
	<b>820</b>	<b>501</b>	<b>932</b>	<b>699</b>	<b>784</b>

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<b>Funding impact statement for 1 July 2021 to 30 June 2022 for Water</b>					
	2020/21	2020/21	2020/21	2021/22	2021/22
2.3	LTP	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	51,090	53,247	53,247	55,579	55,579
Subsidies and grants for operating purposes	-	-	1,969	-	4,031
Fees and charges	39	39	173	45	78
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>51,129</b>	<b>53,286</b>	<b>55,389</b>	<b>55,624</b>	<b>59,688</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	29,167	29,475	30,592	32,658	37,082
Finance costs	3,617	2,383	2,300	2,065	2,476
Internal charges and overheads applied	2,030	2,510	2,262	786	1,192
Other operating funding applications	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>34,814</b>	<b>34,368</b>	<b>35,154</b>	<b>35,510</b>	<b>40,750</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>16,315</b>	<b>18,918</b>	<b>20,235</b>	<b>20,114</b>	<b>18,938</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	5,200	6,014
Development and financial contributions	671	671	822	1,175	916
Increase (decrease) in debt	17,627	6,985	9,434	7,481	12,354
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>18,298</b>	<b>7,656</b>	<b>10,256</b>	<b>13,856</b>	<b>19,284</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	24,389	22,349
- to improve the level of service	27,645	19,649	19,221	2,097	1,891
- to replace existing assets	6,968	6,926	8,774	7,485	11,291
Increase (decrease) in reserves	-	(1)	2,496	-	2,691
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>34,613</b>	<b>26,574</b>	<b>30,491</b>	<b>33,970</b>	<b>38,222</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(16,315)</b>	<b>(18,918)</b>	<b>(20,235)</b>	<b>(20,114)</b>	<b>(18,938)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>					
	<b>16,315</b>	<b>19,842</b>	<b>18,663</b>	<b>19,929</b>	<b>19,062</b>



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<b>Funding impact statement for 1 July 2021 to 30 June 2022 for Wastewater</b>					
	2020/21	2020/21	2020/21	2021/22	2021/22
2.4	LTP	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	47,081	47,481	47,481	50,551	50,551
Subsidies and grants for operating purposes	-	-	1,942	-	4,804
Fees and charges	1,296	694	902	835	706
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>48,377</b>	<b>48,175</b>	<b>50,325</b>	<b>51,386</b>	<b>56,061</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	24,435	21,767	25,123	23,444	33,843
Finance costs	5,565	3,981	3,894	3,667	4,071
Internal charges and overheads applied	5,348	5,788	5,232	1,751	2,431
Other operating funding applications	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>35,348</b>	<b>31,536</b>	<b>34,249</b>	<b>28,861</b>	<b>40,345</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>13,029</b>	<b>16,639</b>	<b>16,076</b>	<b>22,525</b>	<b>15,716</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	2,217
Development and financial contributions	549	549	981	961	786
Increase (decrease) in debt	(54)	(3,648)	340	1,219	1,785
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>495</b>	<b>(3,099)</b>	<b>1,321</b>	<b>2,180</b>	<b>4,788</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	3,951	1,940
- to improve the level of service	2,498	2,501	2,037	2,430	7,933
- to replace existing assets	11,026	11,039	15,728	18,325	18,283
Increase (decrease) in reserves	-	-	(368)	-	(7,652)
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>13,524</b>	<b>13,540</b>	<b>17,397</b>	<b>24,705</b>	<b>20,504</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(13,029)</b>	<b>(16,639)</b>	<b>(16,076)</b>	<b>(22,525)</b>	<b>(15,716)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>					
	<b>14,933</b>	<b>20,140</b>	<b>19,722</b>	<b>21,101</b>	<b>21,944</b>

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<b>Funding impact statement for 1 July 2021 to 30 June 2022 for Stormwater</b>					
	2020/21	2020/21	2020/21	2021/22	2021/22
2.5	LTP	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates	21,635	21,938	21,938	28,420	28,420
Subsidies and grants for operating purposes	154	193	979	159	4,172
Fees and charges	11	11	34	3	2
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>21,800</b>	<b>22,142</b>	<b>22,951</b>	<b>28,582</b>	<b>32,594</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	7,458	7,383	8,129	13,728	11,562
Finance costs	3,850	2,610	2,550	2,591	2,745
Internal charges and overheads applied	1,975	2,465	2,134	644	848
Other operating funding applications	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>13,283</b>	<b>12,458</b>	<b>12,813</b>	<b>16,964</b>	<b>15,155</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>8,517</b>	<b>9,684</b>	<b>10,138</b>	<b>11,618</b>	<b>17,439</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	58	58	68	102	79
Increase (decrease) in debt	(4,327)	(1,940)	(269)	(6,621)	(6,889)
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(4,269)</b>	<b>(1,882)</b>	<b>(201)</b>	<b>(6,519)</b>	<b>(6,810)</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	162	-
- to improve the level of service	554	4,101	496	1,115	1,691
- to replace existing assets	3,694	3,701	9,485	3,822	3,431
Increase (decrease) in reserves	-	-	(44)	-	5,507
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>4,248</b>	<b>7,802</b>	<b>9,937</b>	<b>5,099</b>	<b>10,629</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(8,517)</b>	<b>(9,684)</b>	<b>(10,138)</b>	<b>(11,618)</b>	<b>(17,439)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>8,517</b>	<b>10,303</b>	<b>10,801</b>	<b>11,494</b>	<b>11,808</b>

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Funding impact statement for 1 July 2021 to 30 June 2022 for Conservation attractions					
	2020/21	2020/21	2020/21	2021/22	2021/22
2.6	LTP	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	7,183	6,988	6,988	7,376	7,376
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>7,183</b>	<b>6,988</b>	<b>6,988</b>	<b>7,376</b>	<b>7,376</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	176	179	182	140	124
Finance costs	762	588	495	451	498
Internal charges and overheads applied	-	-	-	196	88
Other operating funding applications	4,550	4,550	4,943	5,112	5,126
<b>Total applications of operating funding (B)</b>	<b>5,488</b>	<b>5,317</b>	<b>5,620</b>	<b>5,898</b>	<b>5,836</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1,695</b>	<b>1,671</b>	<b>1,368</b>	<b>1,478</b>	<b>1,540</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	800	280	905	429	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	879	1,903	(828)	970	1,443
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>1,679</b>	<b>2,183</b>	<b>77</b>	<b>1,399</b>	<b>1,443</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	2,463	2,899	617	1,716	1,855
- to replace existing assets	911	955	1,393	1,161	1,203
Increase (decrease) in reserves	-	-	(565)	-	(75)
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>3,374</b>	<b>3,854</b>	<b>1,445</b>	<b>2,877</b>	<b>2,983</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(1,695)</b>	<b>(1,671)</b>	<b>(1,368)</b>	<b>(1,478)</b>	<b>(1,540)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>1,695</b>	<b>1,671</b>	<b>1,932</b>	<b>1,858</b>	<b>1,995</b>

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<b>Funding impact statement for 1 July 2021 to 30 June 2022 for City promotions and business support</b>					
	2020/21	2020/21	2020/21	2021/22	2021/22
3.1	LTP	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	6,146	8,808	8,808	7,800	7,800
Targeted rates	14,383	12,442	12,442	15,647	15,647
Subsidies and grants for operating purposes	-	-	-	-	200
Fees and charges	15,264	15,277	194	8,326	176
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>35,793</b>	<b>36,527</b>	<b>21,444</b>	<b>31,774</b>	<b>23,823</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	18,801	18,394	4,461	13,472	4,671
Finance costs	3,798	2,623	1,819	2,700	2,797
Internal charges and overheads applied	1,386	2,127	1,297	1,308	948
Other operating funding applications	14,843	15,980	12,581	15,461	15,945
<b>Total applications of operating funding (B)</b>	<b>38,828</b>	<b>39,124</b>	<b>20,158</b>	<b>32,942</b>	<b>24,361</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>(3,035)</b>	<b>(2,597)</b>	<b>1,286</b>	<b>(1,168)</b>	<b>(538)</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	3
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	5,005	15,406	5,626	5,000	5,060
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>5,005</b>	<b>15,406</b>	<b>5,626</b>	<b>5,000</b>	<b>5,063</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	521	-	-	1,000	100
- to replace existing assets	1,449	12,809	3,388	2,832	2,225
Increase (decrease) in reserves	-	-	3,524	-	2,200
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,970</b>	<b>12,809</b>	<b>6,912</b>	<b>3,832</b>	<b>4,525</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>3,035</b>	<b>2,597</b>	<b>(1,286)</b>	<b>1,168</b>	<b>538</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>1,981</b>	<b>1,609</b>	<b>1,977</b>	<b>2,373</b>	<b>2,303</b>

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<b>Funding impact statement for 1 July 2021 to 30 June 2022 Arts and cultural activities</b>					
	2020/21	2020/21	2020/21	2021/22	2021/22
4.1	LTP	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	15,918	14,522	14,522	17,543	17,543
Targeted rates	5,991	5,689	5,689	5,966	5,966
Subsidies and grants for operating purposes	424	224	-	324	190
Fees and charges	610	552	532	643	515
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>22,943</b>	<b>20,987</b>	<b>20,743</b>	<b>24,476</b>	<b>24,214</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	6,091	4,836	4,923	5,768	5,232
Finance costs	268	89	76	54	66
Internal charges and overheads applied	1,438	898	1,206	1,809	2,054
Other operating funding applications	14,426	14,911	15,112	16,228	16,094
<b>Total applications of operating funding (B)</b>	<b>22,223</b>	<b>20,734</b>	<b>21,317</b>	<b>23,859</b>	<b>23,446</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>720</b>	<b>253</b>	<b>(574)</b>	<b>617</b>	<b>768</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	52,926	52,416	55,709	49,898	54,095
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>52,926</b>	<b>52,416</b>	<b>55,709</b>	<b>49,898</b>	<b>54,095</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	53,646	52,669	55,958	50,495	54,571
- to replace existing assets	-	-	-	20	51
Increase (decrease) in reserves	-	-	(823)	-	241
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>53,646</b>	<b>52,669</b>	<b>55,135</b>	<b>50,515</b>	<b>54,863</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(720)</b>	<b>(253)</b>	<b>574</b>	<b>(617)</b>	<b>(768)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>720</b>	<b>715</b>	<b>711</b>	<b>729</b>	<b>639</b>

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<b>Funding impact statement for 1 July 2021 to 30 June 2022 for Recreation promotion and support</b>					
5.1	2020/21 LTP \$000	2020/21 AP \$000	2020/21 Actual \$000	2021/22 LTP \$000	2021/22 Actual \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	30,567	31,490	31,490	32,463	32,463
Targeted rates	1,453	1,524	1,524	2,283	2,283
Subsidies and grants for operating purposes	195	15	81	20	40
Fees and charges	11,840	9,333	12,025	12,232	10,060
Internal charges and overheads recovered	1,163	1,155	1,375	1,152	1,308
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>45,218</b>	<b>43,517</b>	<b>46,495</b>	<b>48,150</b>	<b>46,154</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	21,424	22,073	21,896	22,820	22,711
Finance costs	3,065	2,537	2,102	2,359	2,082
Internal charges and overheads applied	11,583	12,703	12,338	12,527	12,795
Other operating funding applications	742	892	892	915	953
<b>Total applications of operating funding (B)</b>	<b>36,814</b>	<b>38,205</b>	<b>37,228</b>	<b>38,622</b>	<b>38,541</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>8,404</b>	<b>5,312</b>	<b>9,267</b>	<b>9,529</b>	<b>7,613</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	750	748	979	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	2,291	4,511	(643)	(563)	1,223
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>3,041</b>	<b>5,259</b>	<b>336</b>	<b>(563)</b>	<b>1,223</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	290	259	476	105	539
- to replace existing assets	11,155	10,312	5,439	8,861	11,055
Increase (decrease) in reserves	-	-	3,688	-	(2,758)
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>11,445</b>	<b>10,571</b>	<b>9,603</b>	<b>8,966</b>	<b>8,836</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(8,404)</b>	<b>(5,312)</b>	<b>(9,267)</b>	<b>(9,529)</b>	<b>(7,613)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>8,404</b>	<b>8,578</b>	<b>8,853</b>	<b>9,155</b>	<b>9,832</b>



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<b>Funding impact statement for 1 July 2021 to 30 June 2022 for Community Support</b>					
<b>5.2</b>	<b>2020/21 LTP \$000</b>	<b>2020/21 AP \$000</b>	<b>2020/21 Actual \$000</b>	<b>2021/22 LTP \$000</b>	<b>2021/22 Actual \$000</b>
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	28,820	31,207	31,207	33,651	33,651
Targeted rates	5,658	5,382	5,382	6,969	6,969
Subsidies and grants for operating purposes	-	-	-	-	246
Fees and charges	25,349	26,838	26,284	27,836	28,071
Internal charges and overheads recovered	490	448	695	870	675
Local authorities fuel tax, fines, infringement fees, and other receipts	443	271	343	407	(167)
<b>Total operating funding (A)</b>	<b>60,760</b>	<b>64,146</b>	<b>63,911</b>	<b>69,734</b>	<b>69,445</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	29,806	32,340	30,512	36,054	35,375
Finance costs	(738)	(1,218)	(1,057)	(612)	(1,355)
Internal charges and overheads applied	14,421	15,424	15,139	16,008	16,256
Other operating funding applications	4,685	5,277	4,995	4,720	4,275
<b>Total applications of operating funding (B)</b>	<b>48,174</b>	<b>51,823</b>	<b>49,589</b>	<b>56,170</b>	<b>54,551</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>12,586</b>	<b>12,323</b>	<b>14,322</b>	<b>13,564</b>	<b>14,894</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	1,211	1,303	300	-
Development and financial contributions	-	-	14	-	-
Increase (decrease) in debt	(4,624)	5,641	(7,959)	7,183	(8,123)
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(4,624)</b>	<b>6,852</b>	<b>(6,642)</b>	<b>7,483</b>	<b>(8,123)</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	1,220	1,891	3,378	2,435
- to replace existing assets	7,962	17,955	4,315	17,668	4,858
Increase (decrease) in reserves	-	-	1,474	-	(522)
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>7,962</b>	<b>19,175</b>	<b>7,680</b>	<b>21,046</b>	<b>6,771</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(12,586)</b>	<b>(12,323)</b>	<b>(14,322)</b>	<b>(13,564)</b>	<b>(14,894)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>19,531</b>	<b>18,986</b>	<b>18,068</b>	<b>20,509</b>	<b>22,656</b>

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<b>Funding impact statement for 1 July 2021 to 30 June 2022 for Public health and safety</b>					
<b>5.3</b>	<b>2020/21 LTP \$000</b>	<b>2020/21 AP \$000</b>	<b>2020/21 Actual \$000</b>	<b>2021/22 LTP \$000</b>	<b>2021/22 Actual \$000</b>
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	13,229	12,894	12,894	13,725	13,725
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	10	11	12	11
Fees and charges	4,611	3,256	4,373	4,824	4,321
Internal charges and overheads recovered	762	751	600	664	608
Local authorities fuel tax, fines, infringement fees, and other receipts	79	63	22	23	28
<b>Total operating funding (A)</b>	<b>18,681</b>	<b>16,974</b>	<b>17,900</b>	<b>19,247</b>	<b>18,693</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	9,931	10,214	10,295	10,460	11,124
Finance costs	208	152	145	108	156
Internal charges and overheads applied	7,007	7,510	6,709	6,903	7,346
Other operating funding applications	54	55	186	56	15
<b>Total applications of operating funding (B)</b>	<b>17,200</b>	<b>17,931</b>	<b>17,335</b>	<b>17,527</b>	<b>18,641</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1,481</b>	<b>(957)</b>	<b>565</b>	<b>1,720</b>	<b>52</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	298	4,266	5,495	1,118	263
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>298</b>	<b>4,266</b>	<b>5,495</b>	<b>1,118</b>	<b>263</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	255	1,524	3,293	51	(60)
- to replace existing assets	1,524	1,785	1,403	2,788	1,310
Increase (decrease) in reserves	-	-	1,364	-	(935)
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,779</b>	<b>3,309</b>	<b>6,060</b>	<b>2,838</b>	<b>315</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(1,481)</b>	<b>957</b>	<b>(565)</b>	<b>(1,720)</b>	<b>(52)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>1,481</b>	<b>1,340</b>	<b>1,416</b>	<b>1,548</b>	<b>1,297</b>

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<b>Funding impact statement for 1 July 2021 to 30 June 2022 for Urban planning, heritage and public spaces development</b>					
	2020/21	2020/21	2020/21	2021/22	2021/22
6.1	LTP	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	9,994	9,953	9,953	14,173	14,173
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	22	1,031	564	2,594	1,768
Internal charges and overheads recovered	272	1,156	383	574	402
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>10,288</b>	<b>12,140</b>	<b>10,900</b>	<b>17,340</b>	<b>16,343</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	6,748	8,657	9,573	14,074	11,358
Finance costs	23	26	16	(30)	(11)
Internal charges and overheads applied	2,953	2,828	3,172	3,366	4,284
Other operating funding applications	450	503	869	503	489
<b>Total applications of operating funding (B)</b>	<b>10,174</b>	<b>12,014</b>	<b>13,630</b>	<b>17,913</b>	<b>16,120</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>114</b>	<b>126</b>	<b>(2,730)</b>	<b>(573)</b>	<b>223</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	56	-	79
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	3,636	4,487	2,504	23,840	9,789
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>3,636</b>	<b>4,487</b>	<b>2,560</b>	<b>23,840</b>	<b>9,868</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	455	1,092	7,046	3,543
- to improve the level of service	2,602	2,872	392	9,521	4,425
- to replace existing assets	1,148	1,286	1,148	6,700	1,260
Increase (decrease) in reserves	-	-	(2,802)	-	863
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>3,750</b>	<b>4,613</b>	<b>(170)</b>	<b>23,267</b>	<b>10,091</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(114)</b>	<b>(126)</b>	<b>2,730</b>	<b>573</b>	<b>(223)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>114</b>	<b>127</b>	<b>73</b>	<b>177</b>	<b>110</b>

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<b>Funding impact statement for 1 July 2021 to 30 June 2022 for Building and development control</b>					
<b>6.2</b>	<b>2020/21 LTP \$000</b>	<b>2020/21 AP \$000</b>	<b>2020/21 Actual \$000</b>	<b>2021/22 LTP \$000</b>	<b>2021/22 Actual \$000</b>
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	8,637	11,378	11,378	11,568	11,568
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	22	-	4
Fees and charges	12,860	10,099	14,204	17,809	18,057
Internal charges and overheads recovered	206	-	-	-	11
Local authorities fuel tax, fines, infringement fees, and other receipts	24	19	3	11	1
<b>Total operating funding (A)</b>	<b>21,727</b>	<b>21,496</b>	<b>25,607</b>	<b>29,388</b>	<b>29,641</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	13,202	16,322	16,893	20,712	17,943
Finance costs	4	1	-	1	-
Internal charges and overheads applied	8,474	10,393	10,295	11,229	11,257
Other operating funding applications	35	536	(24)	21	221
<b>Total applications of operating funding (B)</b>	<b>21,715</b>	<b>27,252</b>	<b>27,164</b>	<b>31,963</b>	<b>29,421</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>12</b>	<b>(5,756)</b>	<b>(1,557)</b>	<b>(2,575)</b>	<b>220</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	28,823	47,727	47,170	40,533	48,484
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>28,823</b>	<b>47,727</b>	<b>47,170</b>	<b>40,533</b>	<b>48,484</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	28,349	37,881	27,901	33,657	29,324
- to replace existing assets	486	4,090	13,509	4,300	16,593
Increase (decrease) in reserves	-	-	4,203	-	2,787
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>28,835</b>	<b>41,971</b>	<b>45,613</b>	<b>37,957</b>	<b>48,704</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(12)</b>	<b>5,756</b>	<b>1,557</b>	<b>2,575</b>	<b>(220)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>					
	12	29	24	21	28

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Funding impact statement for 1 July 2021 to 30 June 2022 for Transport					
7.1	2020/21 LTP \$000	2020/21 AP \$000	2020/21 Actual \$000	2021/22 LTP \$000	2021/22 Actual \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	53,899	42,133	42,133	51,961	51,961
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	4,987	7,070	6,514	6,350	6,907
Fees and charges	2,293	2,357	2,962	3,530	3,202
Internal charges and overheads recovered	-	-	191	-	120
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>61,179</b>	<b>51,560</b>	<b>51,800</b>	<b>61,841</b>	<b>62,190</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	16,822	25,262	18,789	24,375	19,579
Finance costs	10,150	7,101	6,426	5,325	6,908
Internal charges and overheads applied	7,925	8,733	10,129	9,092	11,327
Other operating funding applications	2,500	2,500	5,133	2,647	81
<b>Total applications of operating funding (B)</b>	<b>37,397</b>	<b>43,596</b>	<b>40,477</b>	<b>41,440</b>	<b>37,895</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>23,782</b>	<b>7,964</b>	<b>11,323</b>	<b>20,401</b>	<b>24,295</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	16,291	25,362	28,406	35,851	23,718
Development and financial contributions	539	539	1,169	942	1,608
Increase (decrease) in debt	7,157	36,411	23,767	28,379	5,436
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>23,987</b>	<b>62,312</b>	<b>53,342</b>	<b>65,173</b>	<b>30,762</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	15	7,186	251	7,097	797
- to improve the level of service	14,941	25,763	25,274	48,198	25,403
- to replace existing assets	32,813	37,327	30,323	30,277	25,831
Increase (decrease) in reserves	-	-	8,817	-	3,026
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>47,769</b>	<b>70,276</b>	<b>64,665</b>	<b>85,574</b>	<b>55,057</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(23,782)</b>	<b>(7,964)</b>	<b>(11,323)</b>	<b>(20,401)</b>	<b>(24,295)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>					
	<b>39,703</b>	<b>34,726</b>	<b>32,570</b>	<b>35,780</b>	<b>33,287</b>

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<b>Funding impact statement for 1 July 2021 to 30 June 2022 for Parking</b>					
<b>7.2</b>	<b>2020/21 LTP \$000</b>	<b>2020/21 AP \$000</b>	<b>2020/21 Actual \$000</b>	<b>2021/22 LTP \$000</b>	<b>2021/22 Actual \$000</b>
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	(20,164)	(19,037)	(19,037)	(23,531)	(23,531)
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	28,788	22,225	24,419	33,136	21,824
Internal charges and overheads recovered	-	-	-	-	244
Local authorities fuel tax, fines, infringement fees, and other receipts	7,102	6,894	7,432	9,122	5,788
<b>Total operating funding (A)</b>	<b>15,726</b>	<b>10,082</b>	<b>12,814</b>	<b>18,726</b>	<b>4,325</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	11,429	12,752	11,838	13,191	11,372
Finance costs	28	13	10	7	11
Internal charges and overheads applied	3,695	4,023	3,914	4,283	3,906
Other operating funding applications	1	1	(13)	2	20
<b>Total applications of operating funding (B)</b>	<b>15,153</b>	<b>16,789</b>	<b>15,749</b>	<b>17,482</b>	<b>15,309</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>573</b>	<b>(6,707)</b>	<b>(2,935)</b>	<b>1,244</b>	<b>(10,984)</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(452)	7,268	7,098	(53)	(369)
Gross proceeds from sales of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(452)</b>	<b>7,268</b>	<b>7,098</b>	<b>(53)</b>	<b>(369)</b>
<b>Applications of capital funding</b>					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	121	123	145	181	88
- to replace existing assets	-	438	263	1,009	296
Increase (decrease) in reserves	-	-	3,755	-	(11,737)
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>121</b>	<b>561</b>	<b>4,163</b>	<b>1,191</b>	<b>(11,353)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(573)</b>	<b>6,707</b>	<b>2,935</b>	<b>(1,244)</b>	<b>10,984</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>573</b>	<b>549</b>	<b>566</b>	<b>353</b>	<b>372</b>

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<b>Capital expenditure by Strategy</b>					
	2020/21	2020/21	2020/21	2021/22	2021/22
	LTP	AP	Actual	LTP	Actual
	\$000	\$000	\$000	\$000	\$000
<b>Governance:</b>					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	1,187	1,188
- to replace existing assets	-	-	-	-	-
<b>Governance Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,187</b>	<b>1,188</b>
<b>Environment:</b>					
- to meet additional demand	2,029	-	-	28,679	24,305
- to improve the level of service	35,577	32,185	25,859	7,766	14,472
- to replace existing assets	31,205	32,687	46,716	35,792	40,931
<b>Environment Total</b>	<b>68,811</b>	<b>64,872</b>	<b>72,575</b>	<b>72,237</b>	<b>79,708</b>
<b>Economic Development:</b>					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	521	-	-	1,000	100
- to replace existing assets	1,449	12,809	3,388	2,832	2,225
<b>Economic Development Total</b>	<b>1,970</b>	<b>12,809</b>	<b>3,388</b>	<b>3,832</b>	<b>2,325</b>
<b>Cultural Well-being</b>					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	53,646	52,669	55,958	50,495	54,571
- to replace existing assets	-	-	-	20	51
<b>Cultural Wellbeing Total</b>	<b>53,646</b>	<b>52,669</b>	<b>55,958</b>	<b>50,515</b>	<b>54,622</b>
<b>Social and Recreation:</b>					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	545	3,003	5,660	3,534	2,914
- to replace existing assets	20,641	30,052	11,157	29,317	17,223
<b>Social and Recreation Total</b>	<b>21,186</b>	<b>33,055</b>	<b>16,817</b>	<b>32,851</b>	<b>20,137</b>
<b>Urban Development:</b>					
- to meet additional demand	-	455	1,092	7,046	3,543
- to improve the level of service	30,951	40,752	28,293	43,178	33,749
- to replace existing assets	1,634	5,375	14,657	11,000	17,854
<b>Urban Development Total</b>	<b>32,585</b>	<b>46,582</b>	<b>44,042</b>	<b>61,224</b>	<b>55,146</b>
<b>Transport:</b>					
- to meet additional demand	15	7,186	251	7,097	797
- to improve the level of service	15,062	25,887	25,419	48,379	25,490
- to replace existing assets	32,813	37,764	30,586	31,286	26,127
<b>Transport Total</b>	<b>47,890</b>	<b>70,837</b>	<b>56,256</b>	<b>86,762</b>	<b>52,414</b>
<b>Council:</b>					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	14,171	7,170	12,809	18,434	13,679
- to replace existing assets	21,589	11,136	4,908	15,982	11,299
<b>Council Total</b>	<b>35,760</b>	<b>18,306</b>	<b>17,717</b>	<b>34,416</b>	<b>24,978</b>
<b>Total Council:</b>					
- to meet additional demand	2,044	7,641	1,343	42,822	28,645
- to improve the level of service	150,473	161,666	153,998	173,973	146,163
- to replace existing assets	109,331	129,823	111,412	126,228	115,710
<b>TOTAL COUNCIL</b>	<b>261,848</b>	<b>299,130</b>	<b>266,753</b>	<b>343,023</b>	<b>290,518</b>



## 4. Public Excluded

### Recommendation

That the Pūroro Tahua | 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 Public Excluded Report of the Kāwai Māhirahira   Audit and Risk Subcommittee Meeting of 14 September 2022	7(2)(b)(ii) The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.	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 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.
4.3 Johnsonville Three Waters Projects - Infrastructure Acceleration Fund	7(2)(i) The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	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.