

# LTP 2018-28 Council Workshop 8 Feb 2018



greater WELLINGTON  
REGIONAL COUNCIL  
Te Pane Matua Taiaro

outside scope

# Some other items have emerged, which are not in the budget

Changes	Rate Impact \$	+/-	Likelihood	Rate Impact %
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
PTOM – outcome of bus negotiation	Up to (\$0.3m Y1) (\$0.5m from Y2)	+ve	High	0.2% Y1 0.4% Y2



Notes – Slide

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[Redacted]

We now have more clarity on some risks for 2018/19, but others remain

outside scope

Risk / Uncertainty	Value / Cost	Likelihood	Rate Impact
Fare revenue	Unknown	Med	+/- up to \$3m
[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]



# Key factors impacting our Financial Strategy

- Affordability
- Earthquake response, consequences and preparedness
- Major items
  - Public transport transformation
  - Flood protection programme
  - Bulk water resilience
  - Funding of rail infrastructure and rolling stock



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Notes – Slide

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**Public Transport Transformation Programme** –A major financial consequence of this change is that all public transport fare revenue and associated costs are being brought into the Council. In 2017, we received \$48 million in rail transport fare revenue. In 2018/19 we expect our fare revenue to more than double to \$128 million, as the revenue from bus fares also come directly to Council. We will have greater revenue risks and opportunities to manage.

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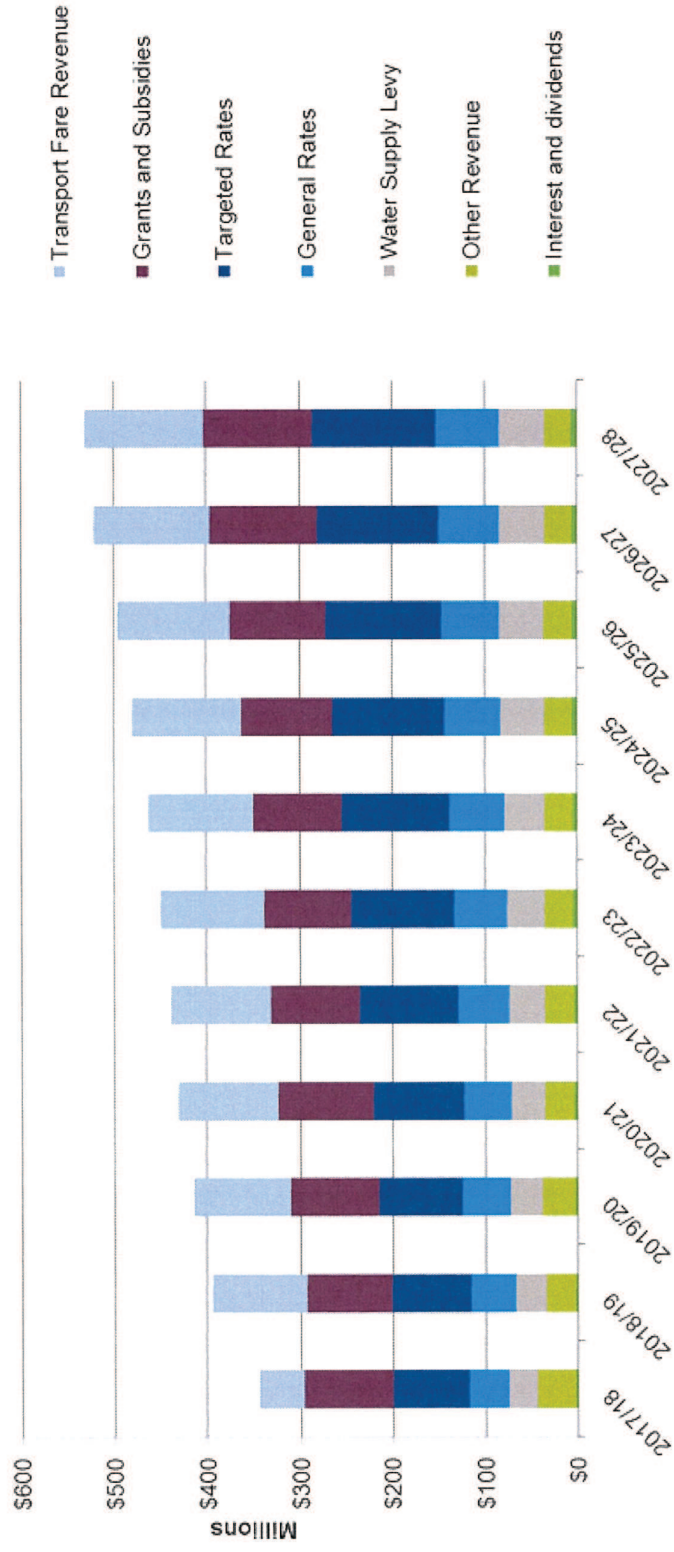


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outside scope

# Revenue



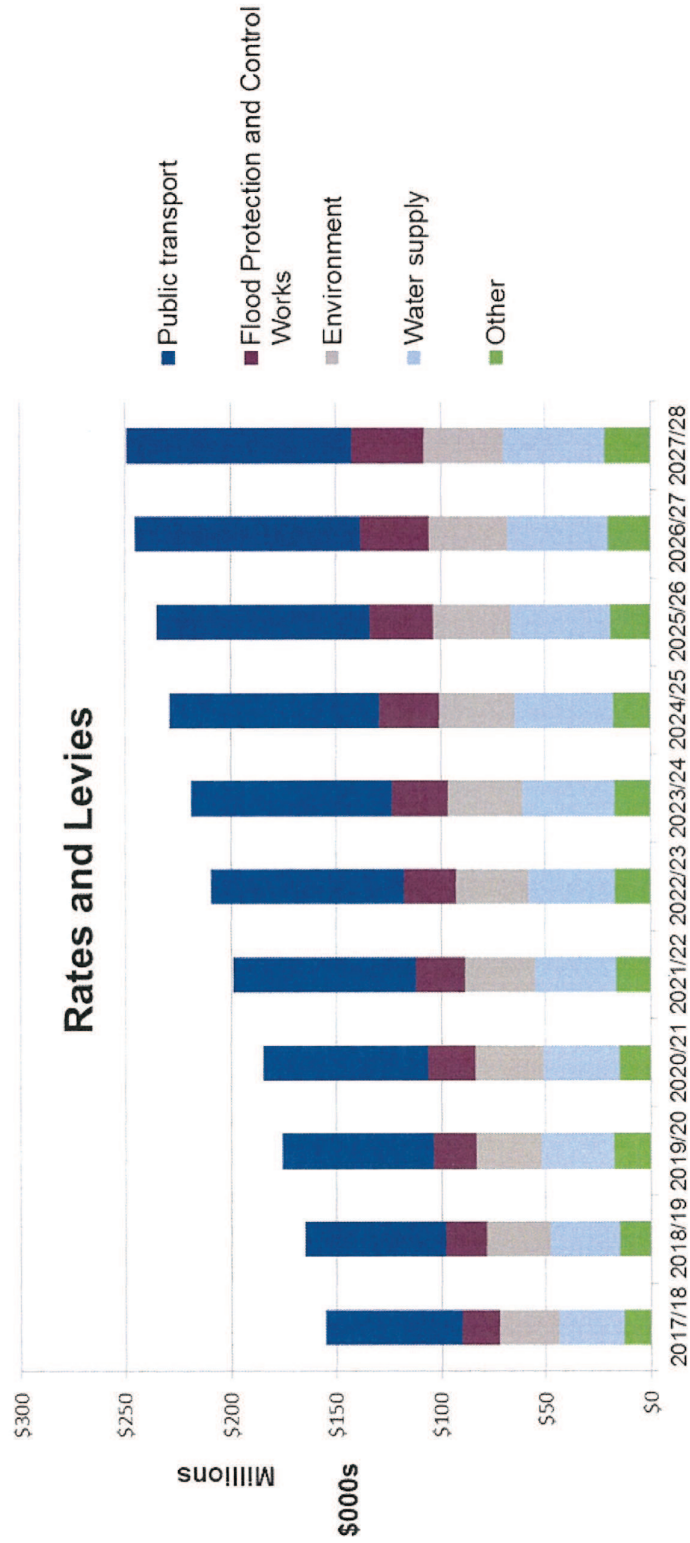


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**Notes – Slide**

The implementation of PTOM results in the Council receiving all public transport fare revenue (and associated costs). In 2017/18 fare revenue was \$48M and this is projected to double to \$100 million from 2018/19 with the new PTOM bus contracts commencing, growing to \$128 million over the LTP period,  
Resumption of dividend

# Rates

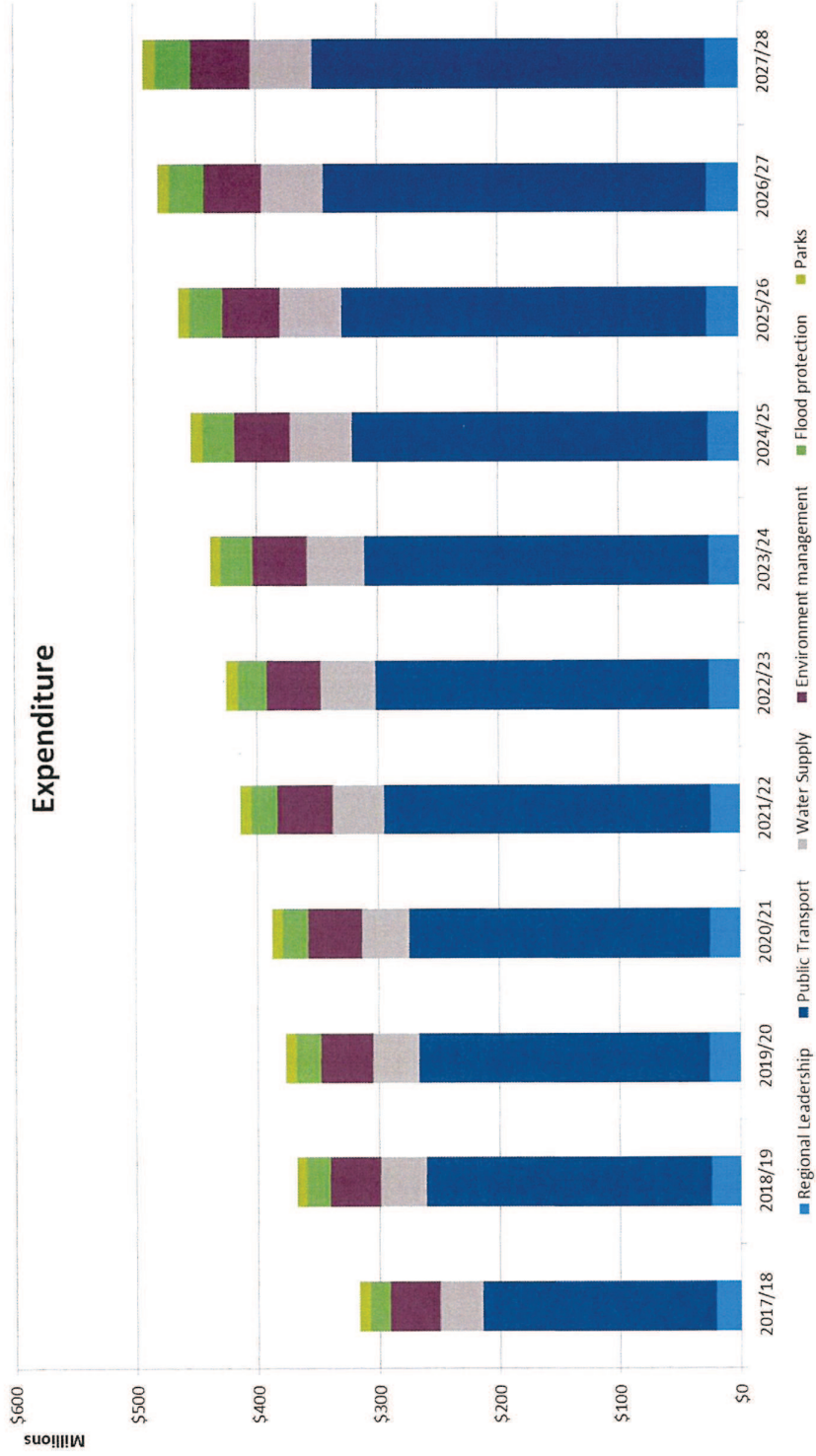




Notes – Slide

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# Operating Expenditure





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Notes – Slide

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**Public Transport Network:** Our activity plans will require operating expenditure to increase by \$88 million (37%) over the next ten years to improve patronage, levels of services and to fund borrowing for the capital programme.

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# Balance budget benchmark

- Debt / Reserve**
- Funded Opex:**
- PTOM costs
  - CentrePort
  - Dividend
  - Rail network renewals peak
  - Port planning
  - Hutt Walking and Cycling Link
  - Water Wairarapa



outside scope

Notes –

[Redacted]

We've looked at the way the balanced budget benchmark is calculated. In the past, NZTA capital grants related to rail have been treated as operating revenue as it does not strictly apply to assets owned by the Council – it is its subsidiary. If we take them out of the equation, this is what it looks like:

That is of course, because there are circumstances where we propose to use loan funding for operating expenditure where there are obvious longer term benefits to the community, or where certain expenditure is one off in nature which we've discussed along the process:  
PTTP \$3M

[Redacted]

Asset renewal peak- \$2M

Some of the rail insurance \$0.5M

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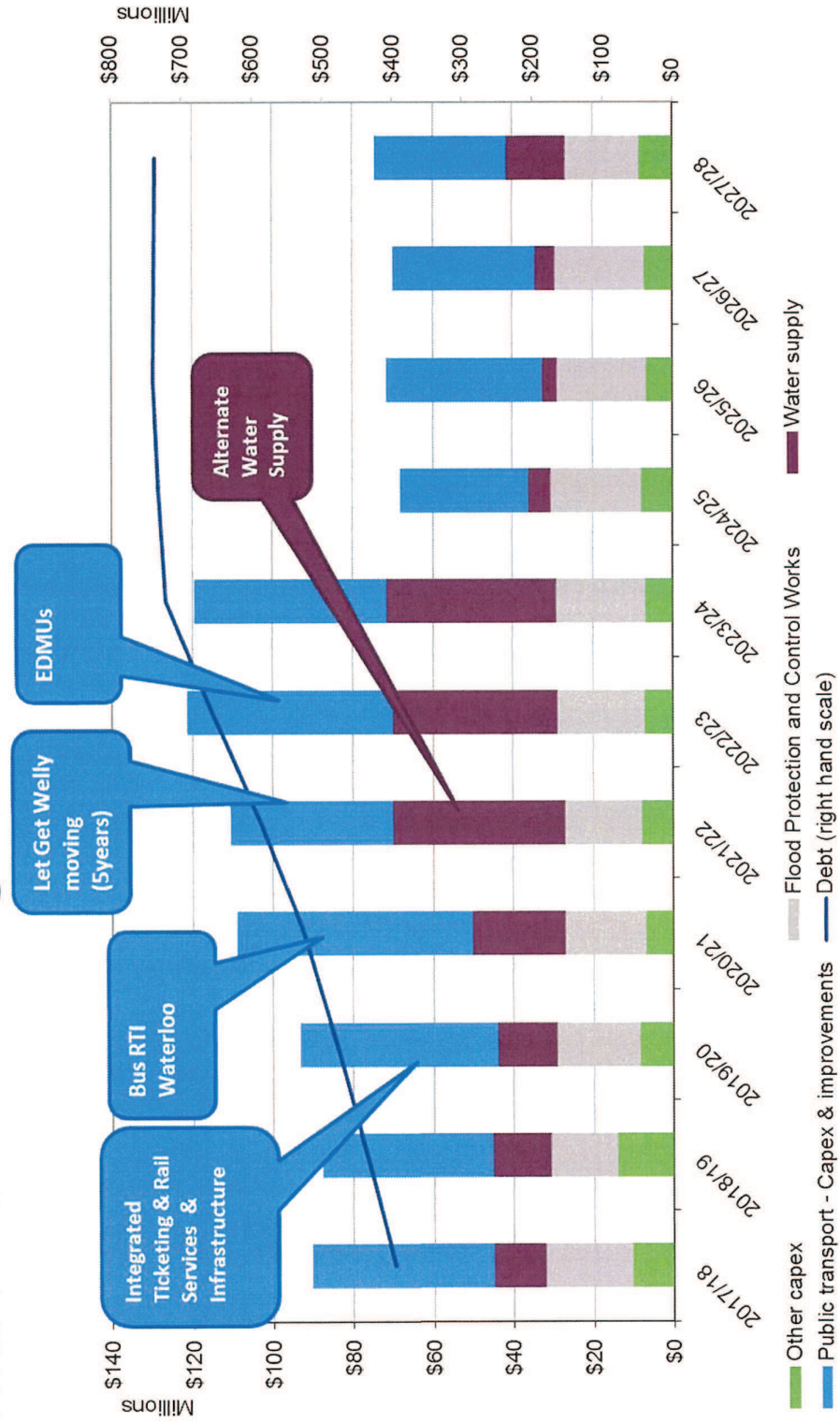
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# Capital expenditure and borrowing



**Notes –**

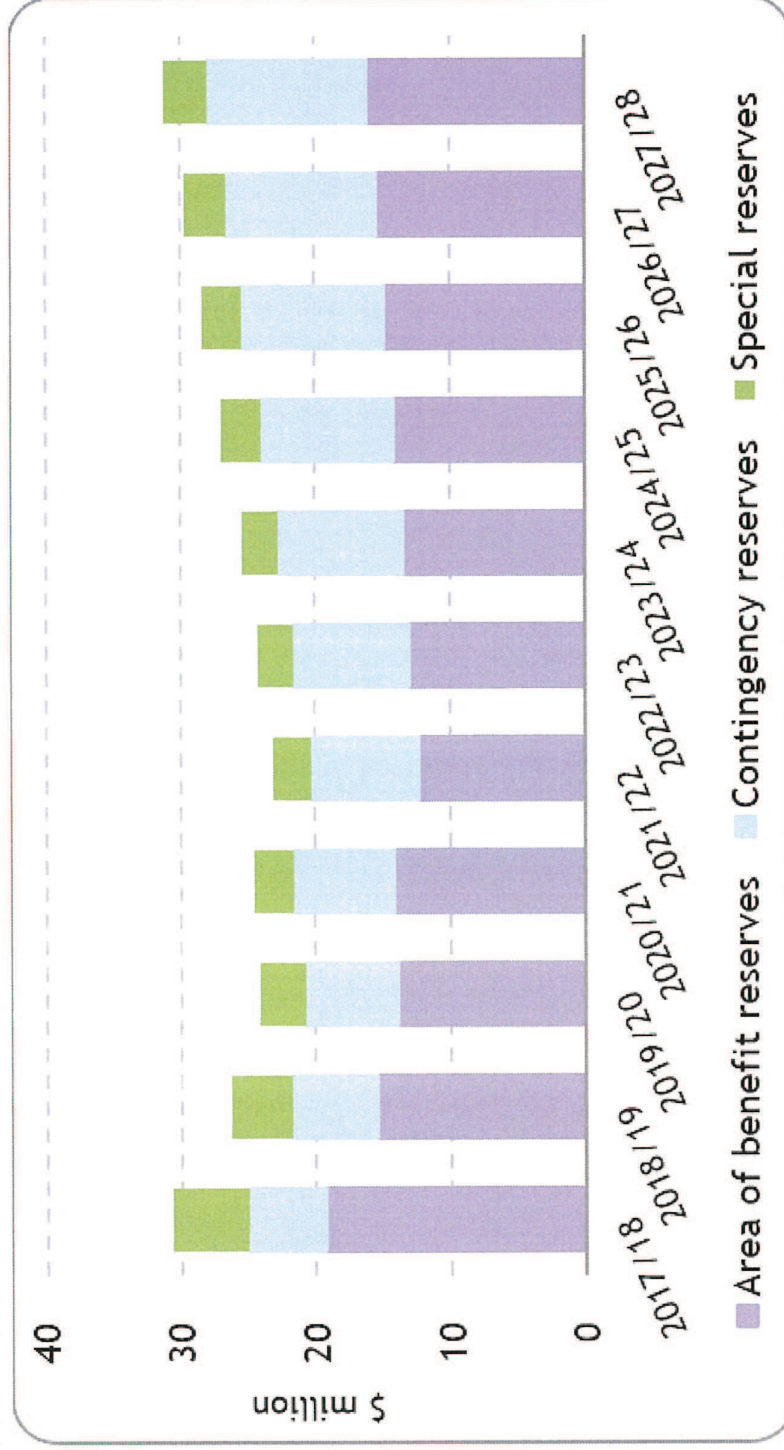
At a very high level

- Capex plan, dominated by the big ticket items (literally)
- PT
- IFT
- RTI
- Infrastructure
- LGWM
- EDMUs
- Water
- Still planning for CHP
- Flood Protection
- Riverlink
- Debt levels are up on the last LTP. Was just under \$600M, now just over \$700M.

Driven by:

- Increase in Riverlink, CHP costs
- New items – EDMUs and LGWM implementation

# Reserves





outside scope

**Notes – Slide**

**Public transport reserve** - For ratepayers, we want to mitigate the impact of our substantial public transport investments, so we will draw down the PT reserve from \$12 million, reducing to \$7 million in 2021/22 as a buffer for public transport revenue risks.

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