

By Email

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LTP Submission
Greater Wellington Regional Council

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Greater Wellington Regional Council – Long-term Plan 2024-2034

1. Thank you for the opportunity to comment on Greater Wellington Regional Council's (GW) Consultation document 'Treasure our rohe ~ Grow our future: Long Term Plan Consultation, Hei Whiriwhiri I Te Pae 2024-34', outlining GW's direction of travel for the Long-term Plan (LTP) period 2024-2034.
2. Council understands the inflationary pressures faced by local government and that those pressures run somewhat above the general CPI, as we are also faced with these challenges. We are also cognisant of the pressures being faced by our communities. Consequently, any necessary increase of rates needs to be rigorously assessed and provide a meaningful and equitable benefit to ratepayers, residents and the communities of the region.
3. With this perspective top of mind, with respect to some of the initiatives put forward in GW's consultation document, Council has had some difficulty identifying and assessing the impacts on our ratepayers and residents. This was particularly around the transparency and equitable sharing of benefits and costs, and of subsidies made and received, across communities and ratepayer groups.
4. In the following, our comments will firstly respond to the two consultation topics you have specifically sought feedback on and will then follow the order of matters in the consultation document.

Control of Public Transport

5. The consultation document seeks comment on GW increasing control of Wellington's strategic public transport infrastructure including bus depots and electric bus charging stations. These are currently owned by private operators contracted to deliver transport services to GW. The proposition is that by owning and having long-term control of these assets, GW's ability to plan long-term for service continuity would be enhanced and more bus operators would be able to compete for future service contracts.
6. Although Council agrees **in principle** to the overall proposition, the information provided was light in places on benefits and costs meaning that it was hard to fully understand the rationale behind acquisition.
7. However, Council is concerned that the proposal does not appear cost neutral as claimed. Given the current cost of living 'crises', and likelihood that there will be flow on increases to operating and depreciation costs, Council **would not support this initiative**.
8. Key areas where further clarity would be of benefit include:
 - 8.1. The net position and overall benefits of taking on more assets.
 - 8.2. The extent to which this proposal relates to the Kāpiti district. In Kāpiti we already have issues with services to some parts of our district, particularly north of Waikanae. It would not be equitable, or a transparent funding model, to service this debt from funding raised from ratepayers where they do not receive any benefit from the acquisitions.
 - 8.3. The degree to which other options were explored, including partnering with the private sector.
9. Council would like to explore with GW better public transport options within Kāpiti before committing its ratepayers to further rate impacts from which they derive no or little benefit. For Kāpiti, money saved from not implementing this proposal would be better invested in improved inter-regional and intra-district public transport services. These services could include:
 - 9.1. Inter-regional services for the northern parts of our community that look to Horowhenua for work, health, and educational opportunities.
 - 9.2. Northern Kāpiti is undergoing extensive growth and is planned to receive more, both under Kāpiti's growth strategy and the regional growth framework. Under this asset acquisition proposal, would GW be looking to secure a transport hub, bus depot and charging station in Ōtaki to reflect an increasing need for more and better services and district and regional connection there.
 - 9.3. If shown how this asset investment funding could help better provide higher service levels in the Kāpiti district, Council could support our ratepayers

contributing to this strategy. (See further comments below under Public Transport).

Buying shares to become a 100% shareholder of CentrePort

10. There is limited information regarding the value for money and strategic imperative for this topic. Council would need to see much further work on the proposal before it could support it. For instance, there is no benefit/cost analysis. Crudely drawn from the information provided in the consultation document, a 73% shareholding gains a \$6 million dividend per annum. Extrapolated, this equates to \$8 million per annum at 100% shareholding. The payback period alone from an extra \$2 million per annum dividend equates to 32 years.
11. In the absence of this information, it is difficult to understand the benefits for becoming a 100% shareholder in CentrePort. As mentioned earlier, and in context that we understand GW is already the majority shareholder, given the current cost of living 'crisis' any benefits would likely be reduced by the increased cost to residents at this time (we assumed this acquisition would be through additional debt). However, there are significant increased risks accompanying full ownership, not the least of which, the inability to share that risk with an investment partner.
12. Council **would prefer** that the \$6m current dividend from the Port subsidise rates, rather than an unnecessary rate impact of 1.2% to subsidise the acquisition.

Rates affordability (p.13)

13. Council **is concerned** that the proposed rate increase is not affordable for Kapiti residents. Of note:
 - 13.1. The consultation document notes that the average regional rate increase per ratepayer is to be limited to \$200. However, this is an average, meaning there will be ratepayers receiving rate increases greater than \$200. Kapiti has a higher proportion of older residents (32.6%), some asset rich with higher value properties, but cash poor, with fixed incomes.
 - 13.2. Council requests that GW clearly demonstrate what measure of rates affordability it has satisfied for 2025 to 2029 period in particular (as this is not shared). Although set in 2007, the Shand report established a rates affordability benchmark against household income of 5%. GW is proposing an average rate increase of 12.3% for the first 5 years.

Debt and a balanced budget (pp. 14,15)

14. Council **is concerned** that the consultation document reports a balanced budget, yet the chart on page 15 is not balanced. It is unclear why debt is increasing when the consultation document reports that rates pay for interest and principal reduction, yet debt looks to only increase. We are concerned that further impact to rates will occur:

- 14.1. The consultation document provides no clear evidence in the debt chart (p.14) of any debt reduction. In contrast, debt appears to increase from \$1.1bn in 2025 to over \$2bn in 2034.
- 14.2. Applying a 3% interest rate charge on \$2bn of debt in 2034 approximates to an annual interest charge of over \$1 million per week for the region.
- 14.3. There is very little borrowing headroom against the upper limit on debt year-on-year for the next decade. With borrowing headroom clearly constrained by the forecast borrowing, GWRC planning ability to fund unforeseen shock events across the region will be reduced.

Costs, subsidises, and proportionality.

15. Council **is concerned** with the lack of transparency in income and expenditure, and (fair) apportionment of costs across the region. Council would **welcome clarification** that our ratepayers aren't paying for services, or levels of service, they do not receive. Of note:

- 15.1. The Statement of Service Performance that GW released in conjunction with the consultation document, provides information on which services and projects money is being spent on. However, neither it nor the 2024 Revenue and Financing Policy, indicate where income to cover that expenditure comes from with respect to ratepayer groups, ratepayer categories, and regional areas (which cities and districts).
- 15.2. As ability to pay does not appear to be addressed, equally, and for transparency's sake, greater clarity of subsidies made and received would help Council better understand the fairness of rating apportionment between districts, within districts and between rating categories. For example, we have in the past identified and supported Ōtaki having a lower rate increase, reflecting its reduced proximity to, and lack of, services, and the overall affordability for the area. However, as outlined below, percentage wise this is not the case for this LTP.
- 15.3. While in dollar terms, the average increase for Ōtaki ratepayers is less than for the rest of Kāpiti, this should not be used as a reason to deliver lower level of services. Council would like GW to clearly demonstrate what affordability measures were used and accepted by Audit NZ and the OAG for these rates increases. For example, the Ōtaki rating area shows 17.4% rates increase (p.47) when the rest of the Kāpiti district is showing 12.2% rates increase.

Lower North Island Rail Integrated Mobility (pp.31, 43)

16. Council **notes support** for the work that GW is progressing to increase the frequency and quality of services on the inter-regional line between Wellington and Palmerston North. However, we are concerned to see in the table on page 43 that funding for this initiative has reduced to \$568m (inclusive of 90% central government funding) from \$745m in the 2021-2031 LTP.

17. This initiative will bring better services to the northern parts of our district. Currently trains-on-track are forecast for 2030. It is vital to support our district's growth and development. Council would like to be fully involved in engagement on any changes to the initiative caused by withdrawal of funding or other issues. In any reconsideration arising, Council would look to see a full canvassing of all practicable options that can best meet Kāpiti's inter-regional and intra-district public transport needs.
18. While progressing the inter-regional train link and improved rail services, Council would like to highlight the point mentioned earlier, that while transport issues need to be addressed in the face of that growth, the Ōtaki area is already in deficit with respect to transport options. This weighs heavy on an area that is already significantly disadvantaged against most measures of wellbeing. A better transport service for the area is needed now.
19. The inter-regional connections need addressing in the short term, and while work through the Ōtaki Priority Development Area project is looking to support transport options – Horizons, HDC, WRC and Council have had initial discussions – Council believes that with the growth occurring in the northern corridor, funding commitments need to be made clear over competing Wellington based priorities.

Public transport (pp. 36-37)

20. Public transport is one of the three main areas of service that Kāpiti ratepayers and residents receive from GW. Of the 14 initiatives listed for Metlink's key public transport initiatives, only one – the BRT (buses that replace trains) infrastructure improvements – positively impacts the levels of service experienced out here in Kāpiti. While a couple of the others may peripherally impact, our ratepayers would much prefer any proportion of funding for these projects being levied against Kāpiti, to be better spent on more mundane service improvements for our District, such as more frequent services, on-demand travel, and services to areas such as Peka Peka, Te Horo and Ōtaki.

Economic development (p.40)

21. Page 40 notes key regional strategies and partnerships that GW is involved with, one of which relates to economic development. The main vehicle for this work is the Wellington Regional Economic Development Agency. GW's 20% share in this agency is funded from a targeted rate across our district.
22. Council **requests** that GW take a stronger region-wide approach to the use of this funding, whereby local needs are equally identified and prioritised alongside Wellington's. We would welcome the opportunity to discuss and work through how this could be achieved.

Pest management

23. Council **strongly supports** the increase in investment in pest management but requests that this also includes increased investment in rabbit control. Rabbits are a significant issue on the Kāpiti Coast, both in terms of their direct effects and from supporting higher mustelid populations. To be effective, rabbit control must take place at the landscape

scale. Council supports GW working more closely with ourselves and other agencies (Department of Conservation, NZTA Waka Kotahi) and land-owners to get on top of this problem in our district.

24. Council also **strongly supports** environmental restoration of regional parks as this also benefits the wider environment and provides habitat for species that then disperse outwards from these areas. Our support extends to increased investment in key native ecosystems as this helps to protect areas in our District that have the highest biodiversity values.
25. Council would like to see more support from GW in the compliance space, especially in our coastal and dune 'Key Native Ecosystems', which are heavily impacted by vehicles.

Key infrastructure, flood management and the Whaitua programme (pp.38, 41-43)

26. On page 38 it is noted that GW is going to continue to develop its catchment approach – test and agree priorities with mana whenua and communities – we assume this also includes respective territorial authorities.
27. Council notes that GW has restructured its organisation to deliver Whaitua, yet the only mention of it in the consultation document is a commitment to implement through changing its regulatory documents.
28. We understand that there are significant (and acknowledged) gaps in the science used to inform the work in progress. The science underpinning the recommendations that translate into regulation can be picked up during plan change processes; however, the science underpinning the recommendations that translate into non-regulatory measures will not be. Council assumes this work will be picked up in existing and proposed environmental budgets. Council could not see mention of environmental budgets to support this work progressing.
29. Council **seeks clarification** on:
 - 29.1. The table on pp.42-43 list key infrastructure projects, and the actual funding allocated for the period 2024-2034; rather than over the next 30 years. For Kāpiti this includes Kāpiti flood asset capex – with an amount of \$31.6m, which we have assumed is for the 30-year period.
 - 29.2. The actual Kapiti projects, and timeframes, proposed. We note that all other areas have a list of projects. Outside of flood assets, Kapiti has two major river systems with the potential for significant impacts in the case of a major event. However, without projects being listed we are unsure of the priority of work being envisaged. Further information would allow Council to better understand and provide meaningful feedback.
 - 29.3. GW is currently re-building its flood hazard models for Kapiti, talking to some communities (namely Te Horo and Ōtaki) and undertaking condition assessments

on some assets (namely Otaihanga flood wall). Please confirm whether this work is funded within the Kāpiti capex (Flood Assets) amount or additional.

Conclusion

30. For Council, on behalf of its ratepayers and residents, understanding the impact of the initiatives outlined in the consultation document, and the transparency and appropriateness of benefits and costs, and subsidies provided and received, is central to our ability to judge how equitable the impacts are on our communities.
31. While the 2024-34 Long Term Plan Statement of Service Performance published in conjunction with the consultation document has been helpful in understanding the level of service being offered through the budgets, neither in the consultation document or associated policies are we provided with information as to what our ratepayers are actually paying for. This lack of transparency has left Council very concerned on behalf of its ratepayers and residents, with regard to the long-term financial and prudential risks GW may be committing them to, given the significant rate rises it is forecasting. Council is keen to better understand how equitable the impact of these rates increases are for our communities.
32. Additionally, Council believes it is imperative that our community has the opportunity to understand and input into the costs for the services they receive. To ensure this, we would encourage GW to be more proactive in actively engaging our community as part of the LTP process and conversation, through advertising, public meetings and other opportunities for input.
33. Council thanks GW for the opportunity to submit on the Consultation document and would welcome the opportunity to speak to its submission to further discuss the points raised.
34. Council would also welcome working with GW as it works through the issues raised in this submission in finalising its Long Term Plan and the implementation of its subsequent work programmes.

Yours sincerely



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