

24 April 2024

File Ref: 2024-058



Tēnā koe

Request for information 2024-058

I refer to your request for information dated 25 March 2024, which was received by Greater Wellington Regional Council (Greater Wellington) on 25 March 2024. You have requested the following:

1. Why extensive cost savings can't be made;
2. Where exactly the massive cost increases are expected to come from;
3. How GWRC expect businesses, residents (both urban and rural) can be expected to pay this?

**Greater Wellington's response follows:**

1. Why extensive cost savings can't be made;

The Long-Term Plan (LTP) is reviewed every three years. Since the 2021-24 LTP, inflation, insurance premiums and operating costs including finance costs have risen, putting significant pressure on the first year of the 2024-34 LTP. This is something all councils across the country have been experiencing.

We have worked hard to find savings by delaying recruitment, reducing operating expenditure, rephasing and prioritising projects, as well as increasing borrowing terms while limiting the impact on current levels of service.

Some of the major savings can be seen in the table below:

<b>Business Group</b>	<b>Savings</b>	<b>Impact of saving to 2024/25</b>
All Activity Groups	Non contractual operating expenditure savings across the organisation	4.3%
Metlink	Fare ticket Increase 10% and advertising revenue (additional revenue)	2.1%
Metlink	Reduction of Mode shift from 40% to 20%	1.6%
Metlink	Other Metlink savings from Long Term Plan Committee prioritisation workshops	2.0%
All Activity Groups	Rescheduling of additional full time employees and phased hiring	1.9%
Strategy	'Let's Get Wellington Moving' program savings	1.2%
Finance	Finance tools (include CentrePort Subvention and Dividend)	5.8%

2. Where exactly the massive cost increases are expected to come from;

The significant factors causing the rates increase is tabled below;

<b>Driver for rates increase from 23/24</b>	<b>2024/25</b>
Fare Patronage assumption realignment to match travel choice changes post COVID	5.0%
Fare ticket increase 10% (additional revenue)	(2.0%)
External Party operating cost increases	5.5%
Internal operating expenditure increases	4.6%
Increase in flood resilience maintenance	1.4%
Financing Costs	4.8%
Insurance	0.5%
<b>Draft Rates Increase Y1 2024_34 LTP</b>	<b>19.8%</b>

3. How GWRC expect businesses, residents (both urban and rural) can be expected to pay this?

Greater Wellington has proactively worked to moderate rates while also limiting negative impacts on current levels of service. Greater Wellington has set a \$200 rates affordability limit on average regional increases per year, per ratepayer for the ten years of the LTP from 2024/25 to 3033/34.

Greater Wellington understands that any increase in rates can be difficult for ratepayers, particularly if your property sits at the higher end of the bell curve, but it is worth noting that Greater Wellington rates make up only 15 percent (approx.) of total residential rates and the rest is Porirua City Council (PCC) rates. This means, Greater Wellington's percentage increase may be higher than your Territorial Authority's (PCC) percentage, however in dollars, Greater Wellington's increase is less.

For anyone with challenges paying rates, there are options that are available to assist, such as: **Government rates rebate** – A rates rebate is a partial rebate for eligible, low-income ratepayers who pay rates on their home to the council. To apply for this, you will need to contact your local council to lodge the application. Once you receive your rates bill, you can apply for a rebate for the current rating year period 1 July to 30 June. You can learn more about it on the NZ government website:

[www.govt.nz/browse/housing-and-property/getting-help-with-housing/getting-a-rates-rebate](http://www.govt.nz/browse/housing-and-property/getting-help-with-housing/getting-a-rates-rebate)

Under the Local Government Act 2002, Greater Wellington utilises the ability to offer Rates Remission and Postponement as a tool to help ratepayers in extremely difficult situations. Greater Wellington may remit all or part of the rates assessed and/or penalties, in relation to a particular rating unit in special or unforeseen circumstances where it considers it just and equitable to do so. Ratepayers are encouraged to talk to their Territorial Authority about this in the first instance as they collect the rates on Greater Wellington's behalf. You can find our Policy here:

<https://ltp.gw.govt.nz/assets/LTP-21-31/supporting-policies/Rates-Remission-on-Maori-land-policy.pdf>

If you have any concerns with the decision(s) referred to in this letter, you have the right to request an investigation and review by the Ombudsman under section 27(3) of the Local Government Official Information and Meetings Act 1987.

Please note that it is our policy to proactively release our responses to official information requests where possible. Our response to your request will be published shortly on Greater Wellington's website with your personal information removed.

Nāku iti noa, nā



Ali Trustrum-Rainey

Kaiwhakahaere Matua, Pūtea me ngā Tūraru|Group Manager Finance and Risk