

# Tā te kaunihera rōpū me ngā mahi haumi Council controlled organisations and investments

Greater Wellington has separate organisations that deliver services to our Region and they operate through a variety of structures which are explained here. These organisations are “council organisations” as defined in the Local Government Act 2002 (section 6).

**A council controlled organisation (CCO)** is an organisation in which the council (or councils) either controls, directly or indirectly, 50 percent or more of the shareholding votes or has the right, directly or indirectly, to appoint 50 percent or more of the directors, trustees or managers. A CCO can be a company, trust, partnership, incorporated society or joint-venture, for example Creative HQ Limited.

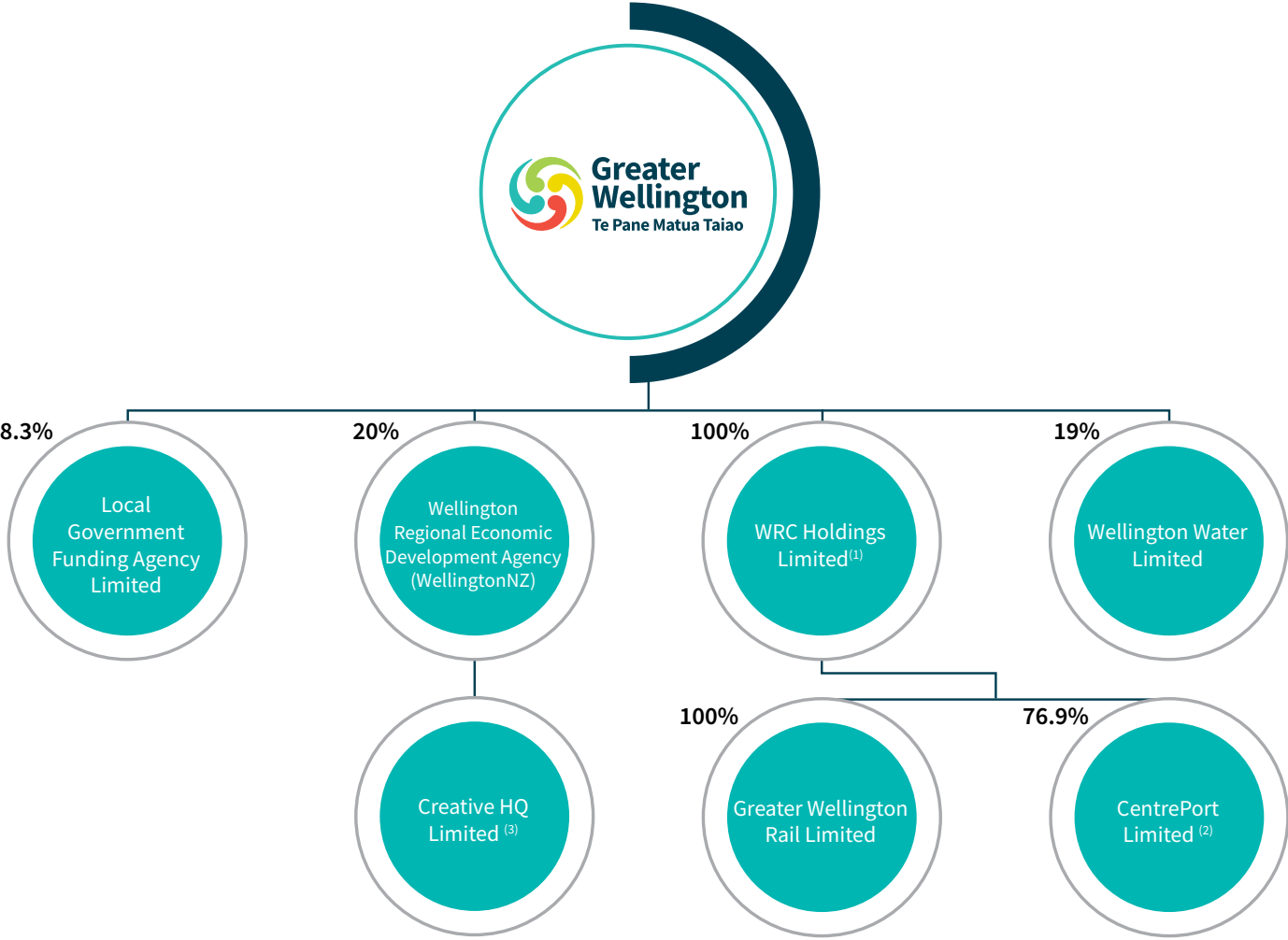
**A council controlled trading organisation (CCTO)** is a CCO that operates to make a profit, for example WRC Holdings Limited.

**A council organisation (CO)** is any organisation in which the council has a voting interest or the right to appoint a director, trustee or manager (however described). This is a wide-ranging definition, covering several bodies including CCOs and CCTOs, for example Predator Free Wellington.

**An investment** is an asset or item purchased by Greater Wellington to generate income or appreciate.



# Council controlled organisations and investments



(1) Council Controlled Trading Organisation in accordance with the Local Government Act 2002  
 (2) Commercial Port Company pursuant to the Port Companies Act 1988 and not a Council Controlled Organisation in accordance with the Local Governance Act 2002  
 (3) Council Controlled Organisation in accordance with the Local Government Act 2002

## WRC Holdings Group

WRC Holdings Limited is Council's holding company and is 100 percent owned by us. The primary objectives of WRC Holdings Limited are to:

- Operate successful, sustainable and responsible businesses for the benefit of future generations.
- Impose commercial discipline on the Group's activities and generate a commercial rate of return.
- Manage its assets prudently.
- Support Greater Wellington's strategic vision.

WRC Holdings Limited has adopted policies that prudently manage risks and protect the investment. The two subsidiary companies in the Group are CentrePort Limited and Greater Wellington Rail Limited. Each year WRC Holdings Limited provides to Greater Wellington, as 100 percent shareholder, a Statement of Intent for the WRC Holdings Group. The WRC Holdings Group structure was set up for the following reasons:

- Appropriate separation of management and governance.
- Impose commercial discipline on the Group's activities to produce a commercial rate of return where appropriate.
- To determine appropriate strategies for the Group and its subsidiary companies.
- To provide a structure to allow external directors with commercial background to provide advice and expertise at the governance level.

## CentrePort Limited

CentrePort Limited (CPL) is a Commercial Port Company pursuant to the Port Companies Act 1988. CPL is 76.9 percent owned by Greater Wellington through WRC Holdings Limited and 23.1 percent owned by Horizons Regional Council through MWRC Holdings Limited. CPL is a commercial organisation and is run by an independent board of directors, unrelated to Greater Wellington. CPL provides a commercial return to WRC Holdings Limited by way of dividends.

The major activities of CPL are to provide:

- Port infrastructure (land, wharves, buildings, equipment, utilities).
- Shipping and logistical services (pilotage, towage, berthage, cruise ships).
- Operational service (cargo handling, warehousing, facilities management, property management, security, emergency services).
- Integrated logistics solutions (networks, communications, partnerships).
- Property services (development, leasing management).
- Joint ventures (coldstore, container repair, cleaning, packing, unpacking and storage).



## Greater Wellington Rail Limited

Greater Wellington Rail Limited (GWRL) is 100 percent owned by WRC Holdings Limited which is wholly owned by Greater Wellington. The board of GWRL has external directorships providing advice and expertise. These directors are in common with WRC Holdings Limited. GWRL owns rolling stock and rail infrastructure and contracts out the maintenance of these assets.

GWRL owns Greater Wellington's investments in metro rail assets, which include:

- 18 – Suburban Wairarapa carriages
- 6 – Suburban Express carriages
- 1 – Auxiliary Generator luggage van
- 2 – remote controlled electric shunt crabs
- 83 – Matangi two car units
- Thorndon electrical multiple unit depot and train wash, metro wheel lathe and building
- 48 – rail stations (excluding Wellington Central Station)
- 11 – pedestrian over-bridges
- 11 – pedestrian underpasses
- Various carparks, other station improvements and ancillary rail related assets

GWRL is responsible for all aspects of asset management, procurement and stewardship, through a management contract with Greater Wellington. An asset management plan is in place which details a structured programme to minimise the life cycle costs of asset ownership, maintain levels of service and sustain the assets. Operational delivery of the services is the responsibility of Greater Wellington, delivered via a performance based 'partnering contract' with Transdev Wellington Limited for the provision of passenger rail services and rolling stock maintenance. Transdev have subcontracted the rolling stock maintenance services to Hyundai-Rotem Company. Hyundai-Rotem were the manufacturers of the GWRL Matangi fleet.

## Wellington Water Limited

Wellington Water Limited (WWL) was established in September 2014. Greater Wellington, Wellington City Council, Hutt City Council, Upper Hutt City Council, and Porirua City Council own 19 percent each, and five percent by South Wairarapa District Council.

WWL is run by an independent board of directors and is accountable to the Wellington Water Committee. This is a joint committee of elected representatives from each of the shareholding councils and mana whenua representatives. WWL manages water supply activities, delivers capital works programmes and provides councils with asset management and planning advice. WWL manages the water treatment and supply, stormwater and waste-water service delivery in the Wellington Region.

WWL manages Greater Wellington's bulk water supply function. The work WWL does on our behalf is detailed in the Water Supply Activity Group section of this plan.

## WellingtonNZ

Wellington Regional Economic Development Agency (WellingtonNZ) was established in late 2014. It is jointly owned by Wellington City Council and Greater Wellington (20 percent Greater Wellington and 80 percent Wellington City Council). The ownership reflects the proportion of funding by the two shareholding councils. It is run by a board of directors.

WellingtonNZ is the key provider for economic development in the region and leads the implementation of the Wellington Regional Economic Development Plan across Wellington-Wairarapa-Horowhenua region, as well as tourism, providing support for businesses to grow and innovate, running civic venues and major events management for Wellington city.



In November 2023, **Predator Free Wellington** celebrated predator eradication in Te motu kairangi, Miramar Peninsula. Approximately 1000ha were cleared of the target species.



**PFW operated in and around schools, businesses, parks, bush, coast and in the backyards of approximately 20,000 residents. Support for the project from Miramar locals was consistently high and many volunteered their time. This huge support contributed significantly to successful eradication of pests on the Miramar Peninsula**

**The Miramar phase of the project has given insights into how collaboration between local community, territorial authorities and private investors works. It was also a model for how an urban eradication programme can be rolled out. PFW has found ways to make the operation 75 percent more cost efficient.**

**The outcomes of eradication have been clear including a 71 percent increase in native bird numbers. Wētā numbers have also improved and lizard sightings around the peninsula have increased dramatically since the operation kicked off.**

## Predator Free Wellington Project

Predator Free Wellington Limited (PFW) is a small charitable company with a very large goal. The project aims to eradicate invasive predators from 300km<sup>2</sup> around Wellington – possums, rats and mustelids, including both urban and rural environments. This will be a world first for an entire city.

Greater Wellington’s long standing pest control programme provides the foundational knowledge and expertise to achieve the vision of a predator free capital city. Our PFW Team was set up in partnership with PFW Limited, to deliver the operational arm of the project. We have comprehensive infrastructure, which can be scaled to deliver a large landscape level project, such as PFW. We employ 26 expert staff to design, plan and deliver ground operations including analysis of data, community relations and predator eradication using numerous tools.

We work in collaboration to complement workstreams delivered by PFW Limited.

Greater Wellington is a financial partner and shareholder alongside Wellington City Council and The NEXT Foundation. Predator Free 2050 Limited is a major funder and there are smaller contributors. Taranaki Whānui ki te Ūpoko o te Ika are also an active participant in PFW.

Greater Wellington and Wellington City Council have the right to jointly appoint one of three directors to the PFW Limited board or individually appoint two of five directors to the PFW Limited board.

The three shareholders in PFW Limited contribute \$500,000 each in funding per annum. We are committed to funding of \$500,000 per annum until 30 June 2028.

## **Wellington Regional Stadium Trust (SKY Stadium)**

SKY Stadium was established as a charitable trust to provide a high-quality, multi-purpose venue for sporting and cultural events. Greater Wellington and the Wellington City Council appoint one Councillor each to the Wellington Regional Stadium Trust and, together appoint other trustees. We also monitor the Trust's performance against its Statement of Trustee Intent.

## **Civic Financial Services Limited**

Greater Wellington has a minority interest in the New Zealand Local Government Insurance Corporation, trading as Civic Financial Services Limited. This investment is owned directly by Greater Wellington rather than via the WRC Holdings Group.

## **New Zealand Local Government Funding Agency Limited**

(8.3 percent owned by Greater Wellington)

The New Zealand Local Government Funding Agency Limited (LGFA) was established by statute in December 2011. Greater Wellington is a founding shareholder in the LGFA and we have subscribed to \$1.9 million shares. The LGFA assists local authorities with their wholesale debt requirements by providing funds at better rates than are available directly in the marketplace. We source term debt requirements from the LGFA and receive an annual dividend.

As part of the arrangement Greater Wellington has guaranteed the debt obligations of the LGFA along with the other shareholders in proportion to its level of rates revenue. Greater Wellington believes the risk of this guarantee being called on is extremely low. The internal liquidity arrangements of the LGFA, the lending covenants, and the charge-over rates the LGFA has from all council borrowers contribute to this low risk.

The LGFA provides savings in annual interest costs for all participating local authorities. It makes longer term borrowings available and enhances the certainty of access to debt markets for participating local authorities. This is subject always to operating in accordance with sound business practice and offering more flexible lending terms to participating local authorities.

The LGFA monitors the quality of its asset book by ensuring it understands each participating local authority's financial position and the general issues confronting the local government sector. The LGFA raises debt funding either domestically and/or offshore in either New Zealand dollars or foreign currency and provides debt funding to New Zealand Local Authorities. It may undertake any other activities considered by the Board to be reasonably related or incidental to, or in connection with, that business.

Participating local authorities must comply with the LGFA's lending policies. A full list of the specific targets for the LGFA can be found in their statement of intent on the LGFA website.

## Investments

Greater Wellington has a significant portfolio of investments, including:

- Liquid financial deposits
- Contingency investments for flood protection and bulk water supply
- Material damage property insurance contingency fund
- Forestry.

Equity investments in the:

- WRC Holdings Limited (including CentrePort Limited and Greater Wellington Rail Limited)
- Local Government Funding Agency
- Wellington Water Limited and the Wellington Regional Economic Development Agency (WellingtonNZ).

Greater Wellington's approach in managing investments is to balance risk against maximising returns. We recognise that as a responsible public authority, investments should be held for the long-term benefit of the community, with any risk being managed appropriately. We also recognise that lower risk generally means lower return.

From a risk management point of view, we are very aware that investment returns are exposed to the success or otherwise of three main investments – the WRC Holdings Group (including CentrePort Limited), our liquid financial deposits and our contingency fund.

### Treasury management

Treasury management is a process of managing an organisation's liquidity, money market instruments, banking, concentration, and disbursement activities. At Greater Wellington, these are carried out centrally to maximise our ability to negotiate with financial institutions. We then on-lend these funds to activities, allowing the true cost of debt funding to be reflected in the appropriate areas. Any surplus from the treasury management is used to offset general rates.

### Liquid financial deposits

We hold \$33 million in liquid financial deposits as a result of selling our interest in CentrePort Limited to one of our wholly owned subsidiary, WRC Holdings Limited. We hold these liquid financial deposits in accordance with general provisions of our Treasury Management Policy.

### Contingency Investments for Flood Resilience and Water

Greater Wellington holds several short term contingency investments. They have been established so that we have funds available to pay for the uninsured damage to water supply and flood resilience assets if disaster (earthquake, major floods etc.) strikes.

### Forestry

Greater Wellington and our predecessor organisations have been involved in forestry for many years, primarily for soil conservation and water quality purposes. We currently hold 6,000 hectares of forested land of which around 4,000 hectares is in the western or metropolitan part of the region, with the remaining 2,000 hectares in Wairarapa. The cutting rights to these forests were sold for a period of up to 60 years in the 2013/14 financial year. Our overall investment policy is to maximise long-term returns while meeting soil conservation, water quality and recreational needs.

## Investments Prospective Funding Impact Statement

For the year ending 30 June

	Long Term Plan										
Annual Plan	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>											
General rates, uniform annual general charge, rates penalties	(13,700)	(14,560)	(14,413)	(8,207)	(11,196)	(8,295)	(10,301)	(12,103)	(16,938)	(12,975)	(13,269)
Targeted rates	-	-	353	587	837	1,031	1,066	1,072	1,079	1,084	1,092
Internal charges and overheads recovered	34,224	52,969	59,877	65,861	72,529	80,719	90,341	98,529	106,193	112,225	117,153
Interest and dividends from investments	8,701	13,033	10,869	10,366	10,362	10,475	10,690	10,874	11,071	11,173	11,465
Local authorities fines, infringement fees, and other receipts	1,800	2,080	-	-	-	-	-	-	-	-	-
<b>Total operating funding</b>	<b>31,025</b>	<b>53,522</b>	<b>56,686</b>	<b>68,607</b>	<b>72,532</b>	<b>83,930</b>	<b>91,796</b>	<b>98,372</b>	<b>101,405</b>	<b>111,507</b>	<b>116,441</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	2,479	142	3,144	3,217	3,424	533	158	161	164	167	171
Finance costs	36,487	56,332	59,443	64,008	69,509	76,653	83,950	91,634	98,381	102,559	106,886
Internal charges and overheads applied	2,291	745	292	300	305	311	319	324	330	338	343
<b>Total operating funding</b>	<b>41,257</b>	<b>57,219</b>	<b>62,879</b>	<b>67,525</b>	<b>73,238</b>	<b>77,497</b>	<b>84,427</b>	<b>92,119</b>	<b>98,875</b>	<b>103,064</b>	<b>107,400</b>
<b>Surplus/(deficit) of operating funding</b>	<b>(10,232)</b>	<b>(3,697)</b>	<b>(6,193)</b>	<b>1,082</b>	<b>(706)</b>	<b>6,433</b>	<b>7,369</b>	<b>6,253</b>	<b>2,530</b>	<b>8,443</b>	<b>9,041</b>
<b>Sources of capital funding</b>											
Increase (decrease) in debt	8,249	758	6,840	(434)	1,381	(5,721)	(6,609)	(7,542)	(1,662)	(1,525)	(2,051)
<b>Total sources of capital funding</b>	<b>8,249</b>	<b>758</b>	<b>6,840</b>	<b>(434)</b>	<b>1,381</b>	<b>(5,721)</b>	<b>(6,609)</b>	<b>(7,542)</b>	<b>(1,662)</b>	<b>(1,525)</b>	<b>(2,051)</b>
<b>Application of capital funding</b>											
Capital expenditure—											
to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	(4,799)	(3,617)	-	-	-	-	-	-	-	6,000	6,000
Increase (decrease) of investments	2,816	678	647	648	675	712	760	(1,289)	868	918	990
<b>Total application of capital funding</b>	<b>(1,983)</b>	<b>(2,939)</b>	<b>647</b>	<b>648</b>	<b>675</b>	<b>712</b>	<b>760</b>	<b>(1,289)</b>	<b>868</b>	<b>6,918</b>	<b>6,990</b>
<b>Surplus/(deficit) of capital funding</b>	<b>10,232</b>	<b>3,697</b>	<b>6,193</b>	<b>(1,082)</b>	<b>706</b>	<b>(6,433)</b>	<b>(7,369)</b>	<b>(6,253)</b>	<b>(2,530)</b>	<b>(8,443)</b>	<b>(9,041)</b>
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Depreciation on council assets	-	-	-	-	-	-	-	-	-	-	-