



# Tō mātou mahere mō ngā tau 10 e heke mai ana

## Our plan for the next 10 years

**Tō mātou pūrongo ihirangi Te Māhere Roa 2024-34**

Our proposed Long-term Plan 2024-34 consultation document

**porirua**city

# Tukua mai o kōrero!

## Have your say!

### What is a Long-term Plan and why does it matter?

There is a lot to consider when planning anything over a 10-year period, and it's a big job. The Long-term Plan (or LTP for short) sets out our plan and direction for the city for the coming 10 years. It gives an overview of what we're planning – at both a strategic and project level – and how we'll pay for it. In short, the LTP is the city's budget.

Each year, we engage with the community on a variety of projects, priorities and areas of work. Some other parts of our work are core, or required by law, with no real opportunity for change. In this document, we are asking for your feedback about new work, the cost and what it would provide for you as a service.

**Have your say by  
5pm Friday 26 April**

**Making a submission is easier  
than you think and you can do  
this in many different ways.  
Submitting doesn't take long!**

### Go online

You can read all about the proposed LTP on our new online engagement platform where you can find more information, ask questions, see a list of in-person events, and upload your written or video submission.

### Write to us

If going online isn't your thing, you can drop in to our front counter at 16 Cobham Court in Porirua, or any of our libraries, where documents will be available. You can also request these be sent out to you, or speak to one of the team by calling 04 237 5089.

**Make a hard copy submission** – fill in the feedback form that accompanies this document (or download a copy from [porirucity.govt.nz/haveyoursay-ltp](https://porirucity.govt.nz/haveyoursay-ltp)) and Freepost, email or drop it in to us.

**Email** your scanned feedback form to [submissions@porirucity.govt.nz](mailto:submissions@porirucity.govt.nz)

**Postal address** Freepost 4517, Long-term Plan, Porirua City Council, PO Box 50218, Porirua 5240.

**Physical address** Ground Floor, Administration Building, 16 Cobham Court, Porirua 5022.



### Tell us what you think

This consultation document contains a lot of important information for people who call Porirua home. You're able to provide feedback on anything in this document, and the supporting information that accompanies it, or comment on any part of our 10-year plan. We are asking for specific feedback on our proposal to implement a new kerbside rubbish and recycling collection service.



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# Mai tō koutou Koromatua rāua ko Kaiwhakahaere Matua

## Message from your Mayor and Chief Executive

In this year's proposed Long-term Plan (LTP) we are facing the most challenging circumstances in the last 50 years. Rising costs, ageing infrastructure, regulatory standards, a growing city and greater community expectations sit against a backdrop of cost pressures on households and businesses.

Our LTP is the way we set the city's budget and direction for the next 10 years. This consultation document outlines how we plan to manage our spending and what we'll do. Have we got the balance right in what we've proposed? Let us know what you think.

The plan proposes to spend 55% of our budget on three waters infrastructure – that's \$637 million inflated over the 10 years of the LTP.

In the next year, a big part of this spending will fund the new wastewater storage tank that's underway in the CBD to protect our harbour.

Also included is funding to fix our city's ageing pipes so we can prevent leaks. Fixing leaky pipes is an obvious way to conserve water. However, we also want to be more careful with and conscious of how we use our water. That's why we will be introducing water meters in around year four of this plan, to help us identify the leaks more easily and to encourage us all to use less. The experience of other councils with

water meters has shown that consumption drops significantly when people are more aware of how much they use.

As well as spending on three waters, we will continue to deliver other essential services for the city – roads and footpaths, cemeteries, parks, playgrounds, tracks, libraries, pools, sports fields, and the Arena and Pātaka.

Providing these services while dealing with rising costs and the cumulative impact on debt has been a huge challenge. During the pandemic, when our community was struggling financially, we eased rates increases by borrowing more and now we need to pay that back.

As an organisation we've worked hard to make internal efficiencies and we've made savings of \$4 million to help reduce rates increases in the coming year. We've also increased our revenue target for the year by \$750,000. However, even with those savings, for the first year of this LTP, we need to bite the bullet with a proposed rates increase of 17.5%.

It's important to hear your views on our proposed plan. The proposal we want your feedback on is how to best manage our city's waste and reduce the amount going to landfill. We are reviewing our kerbside rubbish and recycling collection and aim to

reuse and recycle waste instead of simply dumping it in the landfill. We want to start changing how we deal with waste now, knowing Spicer Landfill will have to close at some point.

[Read more in this consultation document and let us know what you think by Friday 26 April.](#)

**Anita Baker**  
Mayor of Porirua City

**Wendy Walker**  
Chief Executive, Porirua City





# He karere mai a Ngāti Toa

## Message from Ngāti Toa Rangatira



E te iwi e noho nei i te riu o Porirua, tēnā koutou katoa.

There is no doubt we live in challenging times. The changing climate, our ageing infrastructure and the rising cost of living must all be confronted if we are to ensure Porirua is the safe and healthy haven we want for our families and communities.

Porirua City's Long-term Plan 2024-2034 will address these issues by finding the balance between the investments we need to make and the corresponding costs that we must face. In addition, everything we do must ensure the long-term health and vitality of our natural environment, so the city we pass on to the next generations will be even better than the one we grew up in.

If we can all come together, striving as one toward our shared vision for our beautiful city of two harbours, then I believe we will continue on the path of creating the home our children and grandchildren deserve: Nāu te rourou, nāku te rourou, ka ora ai te iwi.

**Callum Kātene**  
Chair, Te Rūnanga O Toa Rangatira

# Ko te hanganga nui/The big picture

We've had to make some tough decisions – we can't do it all. Rising costs, ageing infrastructure, regulatory standards and greater community expectations all sit against a backdrop of cost pressures on households and businesses.

## We have some uncertainties and challenges ahead

### Doing the same costs more

Throughout this document, we outline how we have had to make some difficult choices. This includes making savings of \$155 million by deferring some projects that would otherwise have to be funded by borrowing. This does not mean that our current level of service will drop, but we won't be able to do more at this time. In this plan our focus is on core services and looking after our existing infrastructure. You can read about what's being deferred on page 23.

### Balancing our strategic priorities with what we can afford

We know that we need to plan for more intense weather events. More flooding and landslides could have huge financial impacts on the Council and our community. But building and upgrading infrastructure for these events is an expensive business, and we can't do as much as we would like.

There is always a trade-off between risk and cost. We'll do what we can – when we replace stormwater pipes we will make sure they are bigger than existing pipes – but we're going to have to accept an elevated level of risk of flooding and slips.

## Changing policy direction

**Water:** It remains a priority to protect Te Awarua-o-Porirua Harbour by investing in robust water infrastructure. When setting last year's budget, we invested heavily in water in anticipation of a new entity taking over water services. At the time of developing this plan, the future funding models for water have not been confirmed. Water is still on our books and remains a priority, despite the uncertainties ahead. We have prioritised funding to fix the backlog of leaks – with the aim to get this done by December 2024. You can read more about our water story on page 12.

**Growth:** Our city is projected to grow by around 22,000 residents by 2054. Put simply, the more people we have, the more infrastructure we need and this comes at a cost. We work with our partners, including Ngāti Toa, Kāinga Ora and our developer community, to make sure we're actively sequencing growth in the right areas. How we manage development contributions is also a critical piece of the funding puzzle. We're focusing on working smarter as we grow, for example when renewing assets, we will upgrade them at the same time. We're doing the best we can with the tools available but a level of uncertainty around growth remains.

**Funding:** Some of our projects rely heavily on central government funding. With any change of government, there is often a shift in priorities, including where and what they continue to support. We have planned for this uncertainty as best we can, but a few specific projects that could be at risk (should government funding be reprioritised) are highlighted.

**Transport:** Council expects to receive 53% subsidy from Waka Kotahi/New Zealand Transport Agency over the period of the LTP from the funding assistance rates for the National Land Transport Programme (NLTP) 2024–27 period. It's not known whether the new government will continue the same rate of funding. Currently, we are receiving \$4.1 million in subsidies, and assuming over the 10-year period a further \$7–7.5 million each year (capex and opex). An example is the Wi Neera to Onepoto shared pathway project. This is at risk of not being funded due to the reduced focus on cycling signalled in the new government's draft Policy Statement for land transport. If funding is not received, we would look for alternative sources of external funding. If this wasn't available, we would look at how we best reprioritise in line with our priorities at the time.

**Eastern Porirua Development – Te Rā Nui:** In 2018, the government announced a \$1.5 billion investment spanning 25 years to implement a regeneration programme for eastern Porirua. Te Rā Nui is a partnership between Kāinga Ora, Porirua City Council and Ngāti Toa Rangatira. For the first 3–5 years of the regeneration, \$136 million has been allocated from the government and includes the construction of a new reservoir, wetland, and the replacement and upgrade of three kilometres of bulk wastewater pipe through Bothamley Park. While this work is already well advanced and we have no immediate concerns, the change in government leaves some uncertainty around the funding allocation from Kāinga Ora for the agreed infrastructure requirements. More details are in the Infrastructure Strategy (pages 33–34) in our supporting information.

# A snapshot of our focus areas for this LTP

- Three waters
- Affordability
- Get our balance sheet right
- Climate resilience & sustainability

## What we're faced with

- **Increased costs for the same services** – high interest rates, cost escalations and high debt creating cost pressures.
- **Changing government policy direction** – uncertainties around the shape and form of Local Water Done Well.
- **Climate change impacts being felt** – more frequent slips and floods and the need to plan and prepare for these.

## What we're doing about it

- Unlike previous years, we aren't proposing any new projects in the first three years of this plan. We are instead focusing on reprioritising, delaying, or stopping non-essential projects – this has meant we have been able to reduce rates increases in the first year from around 20% down to 17.5%.
- We are not reducing our levels of service, but we aren't able to improve them.
- Despite the uncertainty, continuing to invest in water infrastructure as a priority - \$333 million across the next five years prioritising ways to help identify and fix leaks, including the introduction of water meters.
- Paying back the credit card now and not running day-to-day expenses on it in the future. This gives us more ability to borrow if there is an unforeseen emergency, for example severe weather events.
- Build resilience for the future impact of climate change – we can't do everything we wanted to, but we can continue to prioritise emissions reduction (mitigation) and planning for future climate hazards (adaptation).

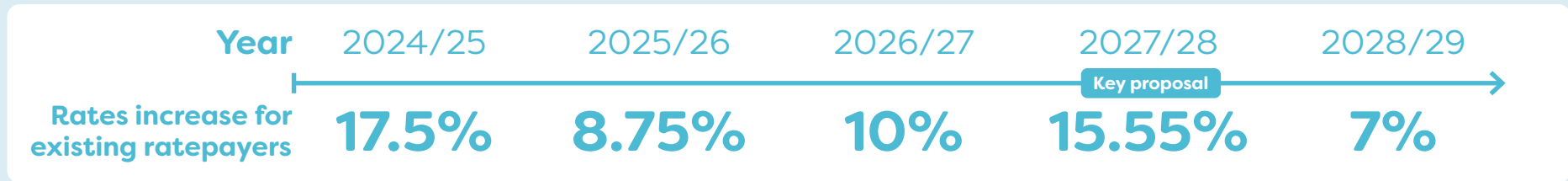
## What this could look like for existing ratepayers in 2024/25

### Average weekly rates increases:

For example if your house is valued at:	Weekly increase:
<b>\$985K</b>	<b>\$16.98</b>
<b>\$864K</b>	<b>\$15.49</b>
<b>\$583K</b>	<b>\$12.01</b>

### Did you know:

1% rates increase equals	\$10 million of capital expenditure (capex)
	\$1 million of operating expenditure (opex)



Fluctuations in rates increases are due to balancing the budget and large projects (eg the proposed kerbside collection services in 2027/28 – see key proposal on page 24).

## Our vision

Porirua City, a great place to live, work and raise a family

## Community outcomes

### Our people

We are diverse and inclusive – a city with lifelong economic and social opportunities



Safe, active and healthy communities

Genuine participation in city decisions

Young people at the centre of our whānau

Access to quality education and diverse employment opportunities

### Our harbour

We have a healthy harbour and catchment – a thriving natural environment



A place to gather food

A place of recreation and enjoyment

Diversity of organisms

A taonga

### Our home

We build to last and adapt to change



Thriving economy

Diverse housing options

Low carbon community

Ready for growth – infrastructure, homes and business

Sustainable use of resources

Connected and accessible transport

## Strategic priorities

In the short term Council will focus on four things of key importance

Commit to the health of Te Awarua-o-Porirua Harbour and its catchment through investment, advocacy and regulation

Build towards a low carbon city and proactively address the challenges of climate change

Create thriving communities where everyone can be safe and healthy – at home, work or play

Keep tamariki and rangatahi at the heart of our city

Partnering with Ngāti Toa Rangatira in all we do.



porirua city



# Tō mātou pū ratonga

## Our core services

The Council provides a wide range of core services to our city that benefit our residents, businesses and visitors.

### Our people

We are diverse and inclusive – a city with lifelong economic and social opportunities

#### Democracy

Meetings  
Elections  
Representation review  
Civic functions  
District Licensing Committee

#### Pātaka

Museum  
Exhibitions & education  
Culture & heritage  
Community space

#### City partnerships

Community partnerships  
Grants & sponsorships  
Support & advice  
Children & young people

#### Community libraries

Library service  
E-services  
Reference collections

#### Arena, pools & events

Te Rauparaha Arena  
Arena Aquatics  
Arena Fitness  
Cannons Creek Pool  
City & recreation events

#### Emergency management

Emergency management & civil defence  
Recovery planning

### Our harbour

We have a healthy harbour and catchment – a thriving natural environment

#### Stormwater

Pipes, inlets & outlets  
Detention ponds & wetlands  
Hydraulic neutrality

#### Wastewater

Sewer network  
Wastewater Treatment Plant  
Sludge processing  
Pump stations

#### Drinking water

Water supply network  
Water flow & conservation  
Resilience  
Storage

#### Parks & reserves

Green spaces & nursery  
Playgrounds & dog parks  
Walkways & beaches  
Sports fields & outdoor courts  
Crematorium & cemeteries

#### Te Awarua-o-Porirua Harbour & catchments

Harbour Strategy implementation  
Harbour & stream improvements  
Healthy urban waterways  
Environmental planning

### Our home

We build to last and adapt to change

#### Environmental, building & city planning

District planning  
Building assurance  
Resource consents & monitoring

#### Transport

Roads  
Bridges, kerbs & channels  
Footpaths & streetlights  
Cycleways  
Traffic management & safety

#### Climate change response

Low carbon transition  
Adaptation planning  
Community engagement

#### Economic development

City centre  
Local economy  
Tourism  
Strategic investment

#### Resource recovery & waste

Rubbish & recycling collection  
Waste diversion  
Spicer Landfill  
City cleaning & graffiti reduction  
Zero waste education

#### Regulatory standards

Animal control  
Noise control  
Environmental health  
Parking

## Focusing on core services – what we’re doing

While we can’t do everything, we are still working hard to deliver the core services a city like Porirua needs.

It’s fundamental that we continue to invest in infrastructure and as part of our planning we’ve developed a 30-year infrastructure strategy.

You can read the draft at:

[porirucity.govt.nz/haveyoursay-ltp](https://porirucity.govt.nz/haveyoursay-ltp)

Key work areas and projects that are going ahead:



### Commit to the health of Te-Awarua-o-Porirua Harbour

- continuing our stream riparian management programme
- reducing wastewater overflows into the harbour through the completion of the Bothamley Park Trunk Sewer Upgrade (with Kāinga Ora) and the Porirua Central Wastewater Storage Tank project near Porirua Railway Station
- tightening compliance on earthworks that can cause sediment discharges
- working with developers to put in place water sensitive design throughout new developments and allowing for ongoing maintenance. This includes a new large stormwater wetland in Cannons Creek Park in partnership with Kāinga Ora
- putting in place a programme to restore salt marsh communities around the harbour.

### Addressing the challenges of climate change

- continuing to gather better data and knowledge on climate impacts, so we can make more informed decisions about our infrastructure assets’ resilience to natural hazards
- measuring and monitoring Council’s use of resources that impact on the climate, such as water, power, fuel and waste sent to landfill
- replacing our gas boiler systems with lower carbon alternatives, such as heat pumps and solar power, to reduce emissions and improve resilience.

### Transport

- focusing on the future through the development of a new Transport Strategy and Active Transport Plan. This work was fully funded through an external grant.

### Managing resource recovery and waste

- continuing our programme of waste minimisation activities that reduce the amount of waste going to the city’s landfill by using education and regulation
- providing additional capacity at Spicer Landfill, so that what does need to go to the landfill continues to be managed safely and responsibly
- improving our kerbside collection services (you can read more about this on page 24).



### Parks and reserves

- a new cemetery to meet legislative requirements, as Whenua Tapu Cemetery is expected to reach burial capacity in 12 years
- improving access and addressing safety issues at Titahi Bay Beach South through the Arotahi Titahi Bay Beach project
- improvements to Wi Neera playground and esplanade reserve
- a new community park in Whitby in 2028–31 (driven by growth and development in the area).



### Providing community facilities

- proceeding with new community facilities (as well as urban renewal) to accommodate population growth, particularly in the east and north of Porirua. We had already budgeted some money for this, but have had to adjust our spend to account for cost increases. We have budgeted \$20 million to continue this work in the latter years of our plan
- improving the poor and declining state of some of our public toilets through a large-scale public toilet upgrade programme.



### Preparing for and responding to emergencies

- providing a coordinated response to emergencies across our city, as well as supporting a regional or national-level response
- working with Wellington Region Emergency Management Office (WREMO) on response and recovery planning
- maintaining the Porirua Emergency Operations Centre so that it is ready to be activated if necessary
- coordinating community emergency hubs.

# The water story

The three waters – drinking water, wastewater and stormwater – are some of the most important services the Council provides.

They're essential, expensive and we have a backlog of issues to deal with.

The cost of providing these services is a significant component of our budget, and right now, we don't have enough income (rates) to pay for all the maintenance and improvements needed for the city. This is a similar story for councils across the country and is an issue the current government has said it wants to fix.

Over the past 10 years we've increased our three waters funding to fix leaks, reduce flooding and improve the water quality of our harbour, streams and beaches.

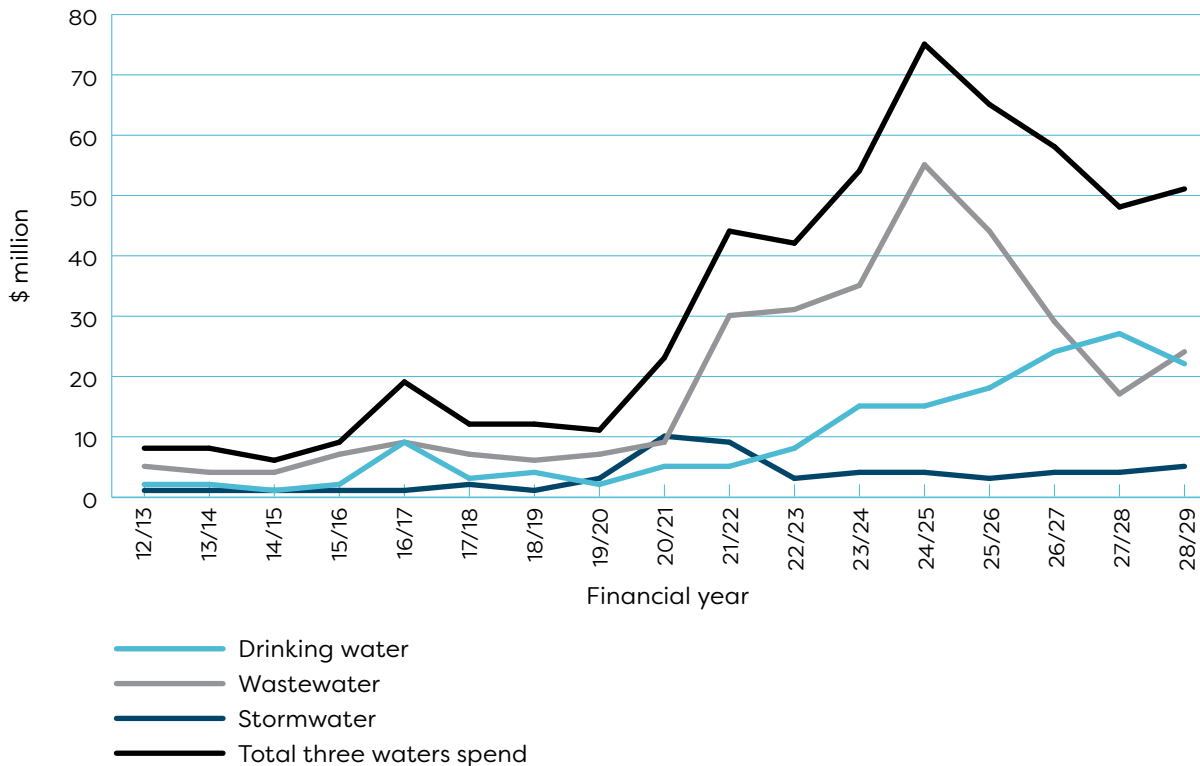
## Our investment in water

Council spent 423% more on three waters when comparing the full year spend for 2012/13 and 2022/23, even after adjusting for inflation. Wastewater alone increased by 504% over this time. We will spend even more in this proposed LTP, peaking near \$75 million in 2024/25. In comparison, 10 years ago we were spending less than \$10 million.

However, the cost of this work has a direct impact on the rates we charge. In fact, in the last LTP, three waters made up 56.5% of our total capital budget. But there is still a lot more work to do, and it's costing us more to do it. This is why we have had to focus on our overall approach to water and look closely at where we are investing and why. All of these decisions have been made in line with our commitment to the health of Te Awarua-o-Porirua Harbour and catchment.

Working with Wellington Water, we developed a 30-year unconstrained capital works programme. This indicated Porirua City needed approximately \$6 billion of capex funding over the 30 years to fully fund the programme. This is significantly more than Porirua City Council is able to fund while maintaining its debt headroom. This planning work highlights the importance of Porirua City Council engaging in the new government's Local Water Done Well policy position. We will be working collaboratively with our neighbouring councils to investigate a financially sustainable three waters operating entity.

Three waters capital spend



## Water reform and Local Water Done Well – what does it all mean?

The previous government directed that the ownership of water (and the cost of delivering this essential infrastructure) would transfer to a new entity in 2024.

Over the last three years we have been preparing for this water reform. To make sure that the new entity would inherit a robust programme of work that delivers on our city's needs, Council chose to prioritise and invest in renewals and upgrades to our three water assets. This much-needed work was funded by a combination of rates increases and debt.

In February 2024 the new government repealed the existing water legislation brought in by the previous government and announced its plan for addressing New Zealand's long-standing water infrastructure challenges, called Local Water Done Well (LWDW).

The government plans to implement LWDW in three stages, with the first stage already complete (repealing the existing legislation). Legislation for stage two aims to be introduced and enacted in mid-2024 and will set out provisions relating to council water service delivery plans and transitional economic regulations. It will also provide streamlined requirements for establishing council-controlled organisations.

Legislation for stage three is planned to be introduced in December 2024 and passed by mid-2025. This aims to provide the long-term requirements for financial sustainability, a complete economic regulation regime, and a new range of structural and financing tools – including a new type of financially independent council-controlled organisation.

Until this is all complete and achieved, we need to base our planning around the current situation, which is that three water services remain with Council. We know that change is coming but we can't plan for that change until it happens and LWDW becomes law.

Our Council has been vocal in reiterating the challenges for local authorities to fund the upgrades and renewals of three waters infrastructure.

If we were to continue the trajectory of our past investment, we would be on track to breach our debt limit. For councils, breaching the limit would be like maxing out your credit card until you are no longer able to borrow any more. This puts us in a challenging position as we work to balance rates affordability with the right level of investment in essential services.

## Our approach

With the current uncertainty from central government, and a cost-of-living crisis, Council has agreed to take the following approach to water services. It's still our highest priority but we've had to reprioritise our other activities to be able to afford this. We will:

- prioritise funding towards addressing the backlog of leaks – we are aiming to get through the current backlog by December 2024
- deliver what's already under construction
- focus on maintaining our existing networks and minimise our investment in new infrastructure initiatives
- continue the programme to replace old drinking water and wastewater pipes to reduce the degradation of our networks
- install household water meters in the medium term (we're proposing four years away)
- for wastewater, we will continue to support Kāinga Ora's significant Bothamley Park project, along with the new wastewater storage tank and the Know Your Pipes initiative (where we help identify wastewater leaks – mostly from private pipes). These initiatives will lead to better sanitation and environmental outcomes, particularly for the health of our harbour
- although there is limited capacity for investment in stormwater, our approach is to improve our modelling and identify where to invest our limited resources to combat the more intense flooding and slips we anticipate from more intensive weather events.

Our proposed approach is based on evidence – we know we will need to better manage water consumption and more efficiently identify and repair leaks. Our continued investment in renewals and water meters is the start of addressing a degraded system – but we know that what we are proposing is not enough to prevent our three waters networks getting older and leakier, and Porirua is continuing to grow rapidly.

With rising costs and affordability issues, as well as uncertainties around the ownership of the service into the future, we have had to make some difficult decisions.

This means some previously planned upgrades are not included in this plan – including flood protection work in Karehana Bay (after it was found that the funding allocated would only protect a handful of homes if we had another flood like the one we had in November 2020).

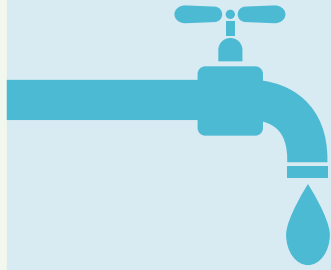


### Why water meters?

Water meters help us reduce the risks of running out of water in three ways. Currently Wellington Water estimates that 41% of drinking water in Porirua is lost through our degraded pipes. Meters provide the data we need to understand where our water is going. Water meters also help us target our repairs, renewals and upgrades, so we can efficiently get on top of our leaks and our degraded system. Water meters also help all of us understand how much water we are using.


Water that comes out of our taps isn't free. Water meters allow us to measure and fairly value this water so we can all make informed decisions on how much water we use. When Kāpiti introduced water meters 10 years ago, they had a 26% reduction in water use and many residents in Kāpiti actually paid less than they did before metering.

More than 60% of Aotearoa is already on water meters, including Auckland, Tauranga, and Christchurch. Water meters are one of the most cost-effective steps we can take to help increase the resilience of our water system to droughts. This is becoming increasingly important as our region grows and as our climate changes. Water meters will also help us delay the costly construction of new water supply sources and treatment plants or the building of new water storage lakes in the region.



Because of these things...

- price escalations
- ageing infrastructure
- post-Covid effects
- decision not to reduce levels of service
- decision to move towards a balanced budget
- central government policy changes



...we have decided to:

- increase capital spend
- increase our borrowings
- increase our rates



**KEY**

	Bulk water
	Water mains
	Wastewater mains
	Water reservoir
	Wastewater storage tank

How we keep our city running



## The finance story

There's a lot to consider in this LTP.

There is no disputing that the rising cost of living is putting immense pressure on households and businesses across New Zealand. Over the last two years, the cost of living for the average household has increased by almost 14%. Council's budget is also being significantly impacted by several non-negotiable expenses that are beyond our control.

Increases in the cost of energy, water supply, insurance, and interest rates have a major impact on the overall cost to deliver our basic services, resulting in rates increases.

In addition, there is a rising expectation from the community and central government to address community inequity, improve water quality, plan for adverse weather, and to prepare the city for a low-carbon future. A careful balance is required to meet these expectations and to minimise the financial impacts on the ratepayer.

During the Annual Plan 2023/24, Council acknowledged that when we deferred some hard decisions and chose to limit rates increases by taking on additional debt, the costs would need to be addressed through this LTP – and that time has come.

As discussed earlier in this document, keeping water on our books also has significant flow-on effects on our budget and rates.

We've pulled every lever and used every tool available to us to minimise our rates increases while maintaining levels of service and delivering essential renewals to our infrastructure. This includes:

- internal savings and efficiencies of \$4 million
- increasing revenue targets by \$750,000
- the use of external funding wherever possible
- reprioritising where and when we are investing
- making savings of \$155 million by delaying, stopping or reprioritising some projects (which would otherwise have to be funded by debt and accumulate more interest). You can see a list of these on page 23.

However, some of our projects have already started or have already been committed to through contracts. Due to this, some projects cannot be delayed or stopped. We believe that it will take us around five years to get through our committed three waters projects. This means that we will still have a capital programme in excess of \$100 million each year for the first five years of the plan, even after reducing our capital programme significantly.

Deferred investment to the latter years of the plan does create challenges and there is still a high level of uncertainty, particularly around future funding models of three waters services. These can potentially be addressed through additional funding

from central government or reducing service levels in future. There is a large degree of uncertainty as to how this will be managed but we will continue to update our community when we know more.

With the perfect storm of cost escalations, keeping water services on our books, and the cumulative impact of debt, we have had to reduce our spending approach for this plan. This approach will enable us to:

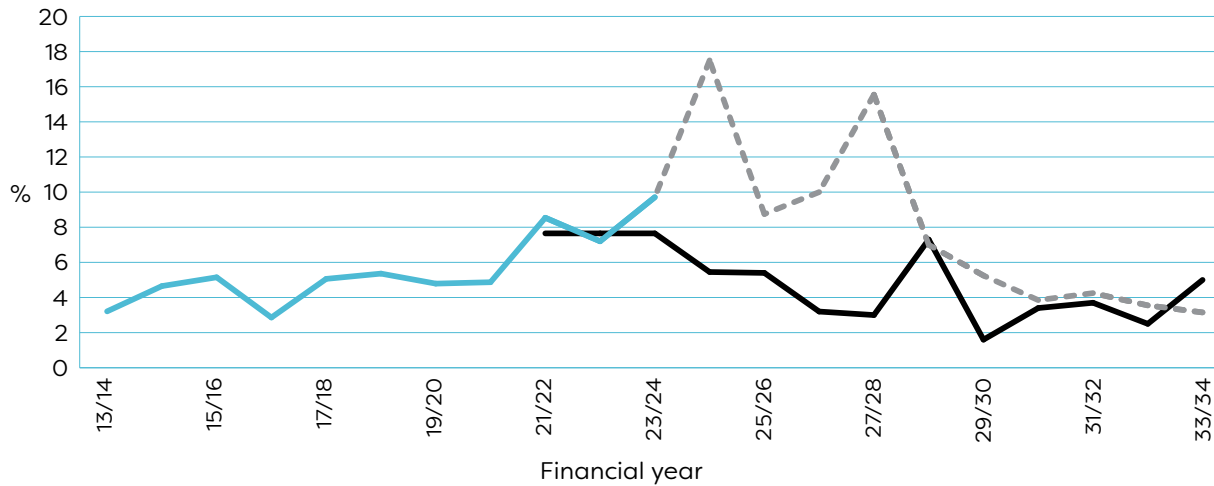
- maintain, but not improve, our current levels of service
- take a strategic approach to our future investment in three waters – including prioritising fixing our backlog of leaks and pipe renewals
- restore and manage our balance sheet while the future of LWDW is clarified by central government
- continue to work towards our climate change priority, including going ahead with programmes to reduce Council's carbon emissions.

Despite our reductions to the capital programme, we are still facing large rates increases. Even if we looked to make wholesale changes to our services, for example closing or reducing hours in our libraries or Te Rauparaha Arena, these savings would only be relatively small, especially when stacked up against what we need to fund renewals or invest in core infrastructure.



## Rates

Rates increases for existing ratepayers



There is some volatility in rates increases:

- 24/25 with a big inflation catch-up
- 27/28 with the inclusion of the proposed kerbside waste collection initiative and the capitalisation of some large assets, leading to higher depreciation.

After 27/28, rates increases are assumed to return to a level closer to general inflation.

— LTP 2021-51 annual rates increases  
 - - - Projected annual rates increase  
 — Actual rates increase

We are looking at an average rates increase of 17.5% for existing ratepayers in the first year of our plan. The level of rates increases will reduce in the following years, but on average, the increase to existing ratepayers will be 7.95% each year across the 10 years of the LTP.

There will be some variation in the percentage increase across Porirua’s suburbs and there will be some variation across the residential, commercial, rural, industrial, motels and shopping plaza categories. We have also included a table that provides comparisons between our different rating categories. The following figures relate to a property with a capital valuation of \$1.3 million. They provide an estimate of rates for 2024/25 as a percentage of capital value, and the average increase in percentage and dollar terms.

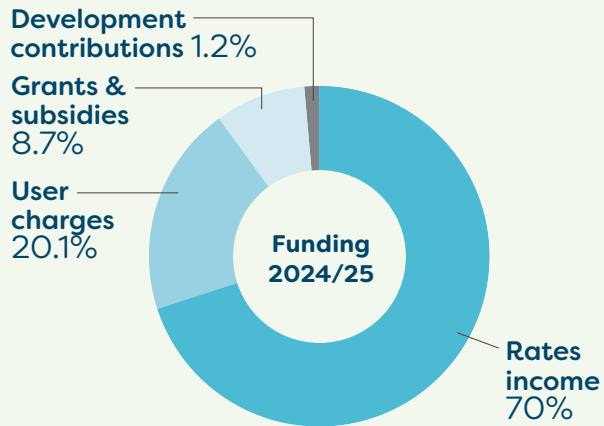
### What this could look like

Group	Capital value	2023/24 rates	2024/25 rates	Average increase	Average increase	Change per week in rates
<b>Residential</b>	\$1,300,000	\$5,980.26	\$7,065.88	18.15%	\$1,085.62	\$20.88
<b>Rural</b>	\$1,300,000	\$3,813.58	\$4,483.19	17.56%	\$669.61	\$12.88
<b>Farming median</b>	\$1,300,000	\$3,389.91	\$3,975.92	17.29%	\$586.01	\$11.27
<b>Commercial</b>	\$1,300,000	\$15,717.20	\$18,746.93	19.28%	\$3,029.73	\$58.26

We also expect the total number of ratepayers to increase, given the level of growth in our community, which will lead to an increase in the number of rateable units we have. This will add an additional 0.75% to Council’s rates income in the first year, ensuring our total rates income will increase by 18.25% in the first year (17.5% from existing ratepayers + 0.75% from new ratepayers). We expect the growth rate to gradually increase from 0.75% to 1.5% over the 10-year period. The average growth rate over this period is assumed to be 1%.

More details are in our Growth Strategy and in our Finance Strategy as part of our supporting information. Copies of these are available online at [porirua.govt.nz/haveyoursay-ltp](https://porirua.govt.nz/haveyoursay-ltp) or at our libraries or administration building.

**More than two-thirds of our income comes from rates**



We also receive income from fees and charges, which we have reviewed in this plan. This includes regulatory charges (what we charge for building and resource consents) and non-regulatory charges (like swimming pool entrance fees, landfill charges, parking fees and hall hire fees).

We are proposing to increase our regulatory fees by 5% and our non-regulatory fees by 2% each year. You can look at these proposed changes in more detail at: [porirua.govt.nz/haveyoursay-ltp](https://porirua.govt.nz/haveyoursay-ltp)

We also receive some government subsidies, in particular Waka Kotahi subsidies, to help us pay for roading improvements. We have assumed a consistent flow of funding in proportion to our expenditure on roading in this LTP, but it's possible that future government policy may change this.

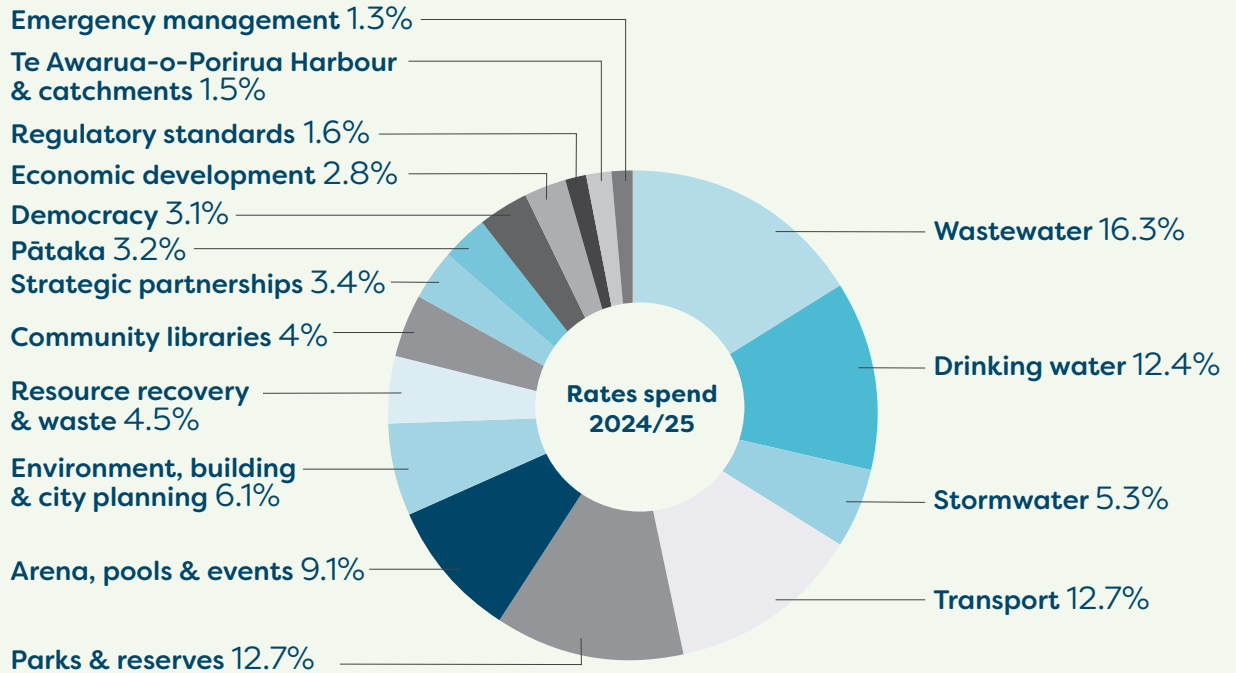
**How did we get here?**

Councils around the country are experiencing similar cost pressures and are also proposing significant rates increases. However, unlike other councils, we can't reduce the burden on ratepayers with earnings from things like airports or ports. What's more, other large cities have a large non-residential rating base with commercial, retail and industrial properties helping fund council operations. Porirua doesn't have these significant additional income streams.

As a result, Porirua City relies heavily on income from rates. We have a population of around 62,800, but

the number of ratepayers who foot the bill in our city is around 20,418. Because Porirua is a young city with lots of families with children, we have the most people per household of any council in the country. This means we've also got the lowest number of ratepayers per resident of any city in New Zealand.

There are many contributing factors that drive our rates number. These are outlined in the following pages.



### Our expenses are increasing

A household budget needs to consider all its running costs, like groceries, mortgage repayments or rent, power and phone bills.

As a Council, we also need to consider our costs but on a much bigger scale. We provide a wide range of services to the community and there have been very large increases across the board, especially in the costs of our water supply, insurance, power, labour

rates and interest rates. All of these add up to a large increase in the overall cost of providing our city's core services. Like everyone else, we've looked closely at our budget and ways to cut back, but there are some areas where cuts can't be made.

We've tried our best to absorb as much of the price increases as possible and found savings of \$4 million in 2023/24 that will continue throughout the LTP. But despite these efforts our costs are trending upwards.

### Our assets are ageing

Just as households need to consider the state of their assets (will the car last another year, can the roof be patched or will it need to be totally replaced), a council needs to do the same but on a much larger scale.

Porirua City develops asset management plans to identify where we need to spend money to repair things (which is included as operational expenditure or opex), and where it needs to replace, build or buy new things (capital expenditure or capex). Examples of our capex spend are resurfacing roads, extending the landfill, replacing water pipes under the ground, buying new library books and upgrading park facilities.

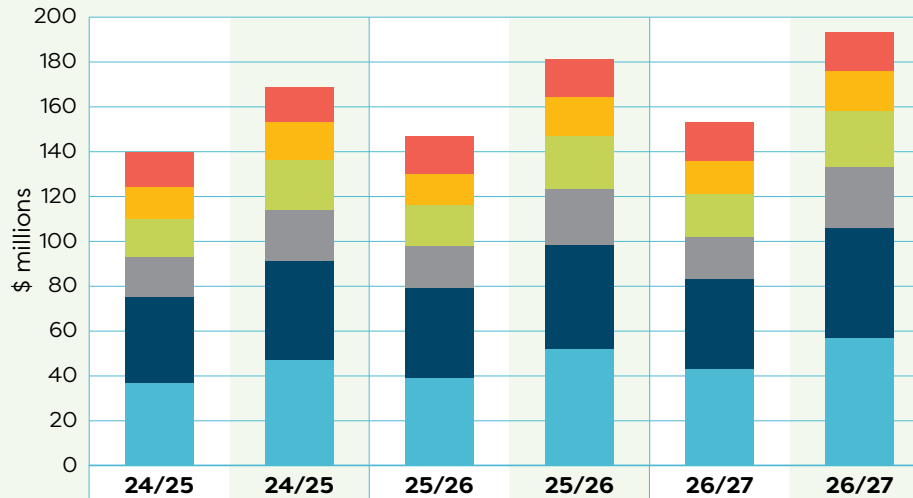
In this plan, we are having to spend more than we have ever spent before to address issues associated with our ageing infrastructure.

- Our capex spend will be \$991 million (uninflated) across the next 10 years (over \$1 billion if you allow for inflation).
- \$637 million (inflated) of this spend will be spent on three waters – over the next 10 years.

At the same time, our city continues to grow, which also has implications on our infrastructure. A careful balance is required to meet these expectations and to minimise the financial impacts on the city's ratepayers.

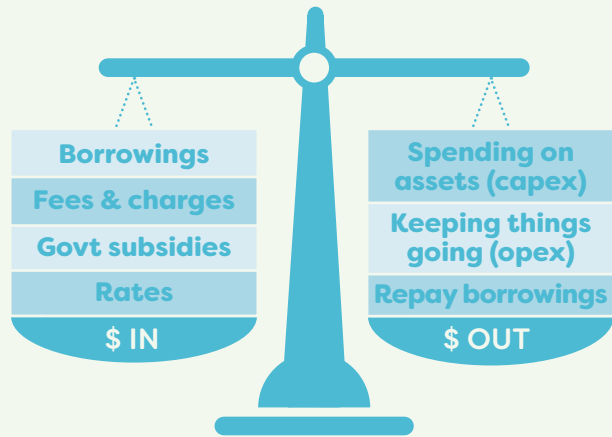
You can read more about our plan for infrastructure in our Draft Infrastructure Strategy in our supporting information: [poriruacity.govt.nz/haveyoursay-ltp](https://poriruacity.govt.nz/haveyoursay-ltp)

**Operational expenditure by activity**



	24/25	24/25	25/26	25/26	26/27	26/27
	LTP 21-51	LTP 24-25	LTP 21-51	LTP 24-25	LTP 21-51	LTP 24-25
	\$m	\$m	\$m	\$m	\$m	\$m
Other	16	16	17	17	17	17
Regulatory	14	17	14	17	15	18
Transport	17	22	18	24	19	25
Resource recovery & waste	18	23	19	25	19	27
Community facilities & services	38	44	40	46	40	49
Three waters	37	47	39	52	43	57

### The need to balance incomings and outgoings



Council, like households, has to balance funds coming in with the money going out. This is especially so when we are facing significant cost increases across the board. Like many households, we are having to make tough choices and not do some things we'd like to. It's now more expensive for us to deliver the services we have always delivered. During the pandemic and its aftermath, we tried to minimise rate increases by borrowing for our day-to-day expenses. It was like Council putting some of our expenses on the credit card, but we can't continue to do that.

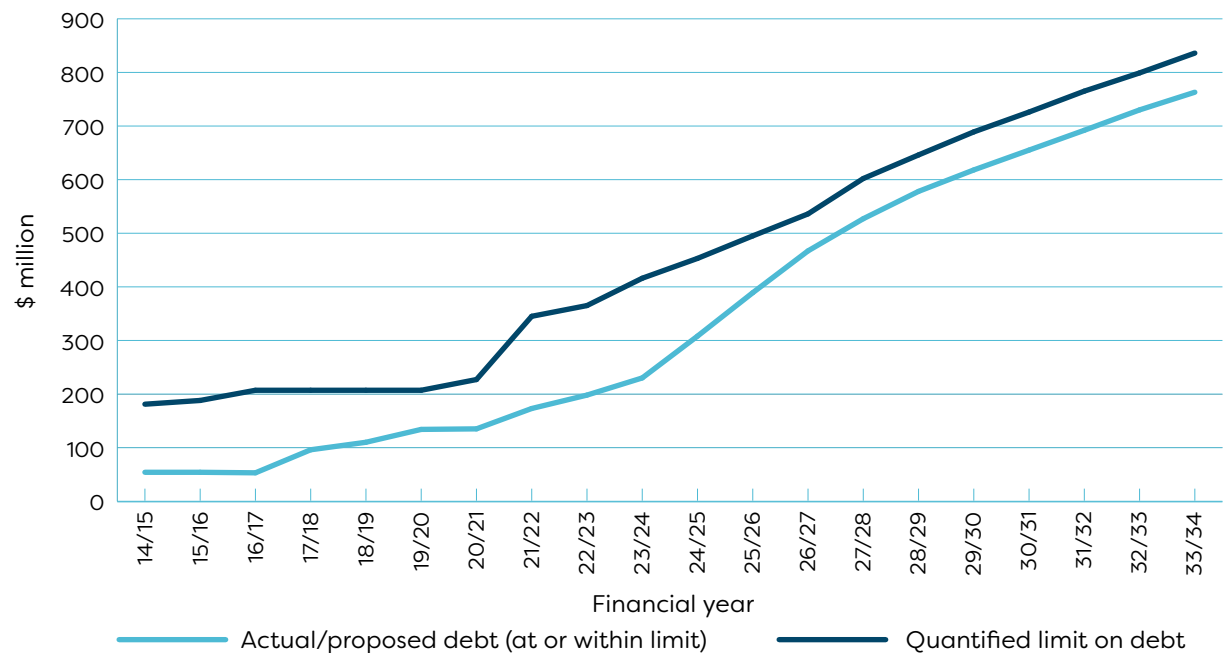
Under the rules set by the Local Government (Financial Reporting and Prudence) Regulations 2014, Council is required to balance its budget and meet the definition of a balanced budget over the term of the LTP. We have made sure that we remain within these rules.

In fact, we have set an even harder target for ourselves, to balance our budget after excluding capital government subsidies (like those we receive from Waka Kotahi). This is because this money can't be used for operational expenses (that is, we can't use the money that we received to build a new road to pay for things like mowing the lawns). Although conservative, we believe this calculation is more prudent. We are well on the way to balancing the budget using this calculation. We hope to achieve this target by the end of year three of the LTP.

### Debt and depreciation

A council, like a household, needs to have a good understanding of how much money it owes. Many households have short-term debt (like credit cards or personal loans), and some have long-term debt (like mortgages). Interest is almost always charged on debt, so you pay more back over the lifetime of the debt than you borrowed in the first place. As we all know, interest rates have increased in the past two years.

Net debt



Councils operate under specific rules (set by the LGFA) to determine how much debt they can carry. The LGFA requires us to make sure our net debt is not more than 280% of our revenue. We need to carefully manage our finances to remain within this threshold over the term of the LTP and also maintain a margin (or headroom) to help in an unexpected event or disaster.

In Year 1 of the LTP, we project headroom of \$145.3 million decreasing to \$72.93 million by the end of the LTP period. We believe this is more than sufficient to remediate a critical failure in our network, should it arise. Council will also ensure

suitable insurance coverage is in place to enable continuity of critical services.

Our capital works programme – or what we use to build (or buy) assets, like roads, pipes, and buildings – has the biggest effect on our debt levels. The money we are proposing to spend on both water and roading infrastructure is significant, and we are facing large cost increases in these areas.

Although we have reduced and reshaped our capital works programme, we are still projecting the need to increase our debt from around \$240 million (in February 2024) to \$900 million in 10 years' time. This increased debt will significantly add to the

interest charges we will have to pay in the future, but if we want to invest in our infrastructure, we will have to pay for it.

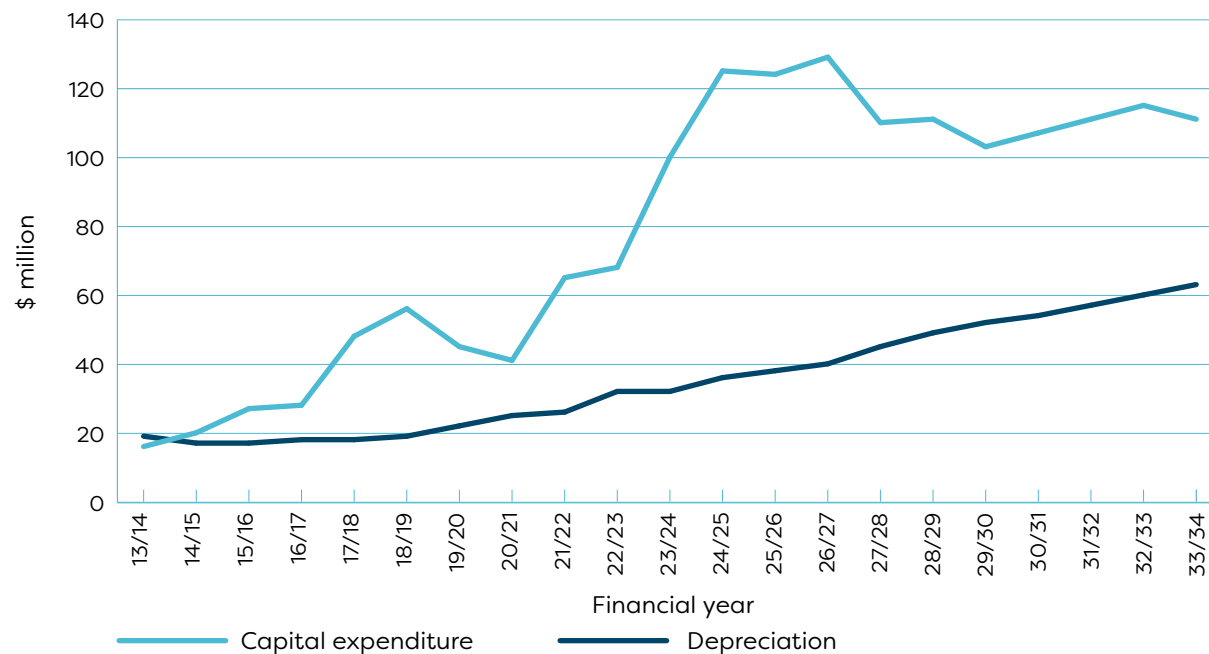
Most councils either fully fund depreciation or are close to fully funding depreciation. Porirua City does not currently fully fund depreciation. However, a decision was made in 2015 to work towards this goal by gradually increasing the proportion of depreciation we fund by 1% every year. As we start this LTP, our depreciation funding is at 84% for all non-roading assets and this will increase to 93% by 2033/34.

There is a lot of talk about depreciation and quite rightly so, because it is something that will become more and more important in time as the value of the Council's assets becomes larger and larger.

**Example:**

Households instinctively allow for depreciation, or the recognition that their assets are losing value over time, in their budget. For example, if you have a car and it cost \$10,000 and you think it will last five years until it will have nil value, then you could say that it depreciates over those five years at an average of \$2,000 each year. In other words after one year it will be worth \$8,000, after the second year it will be worth \$6,000, and so on, until at the end of the fifth year it will be worth almost zero. Your car loses value over time, and the value it is losing is called depreciation.

**Capital expenditure and depreciation**



# Kei te aha tātou ki te whakamimitia ngā utu?

## What are we doing to reduce costs?

We have had to make some tough decisions to reduce costs where we can by reprioritising what we're doing and cutting some projects completely.

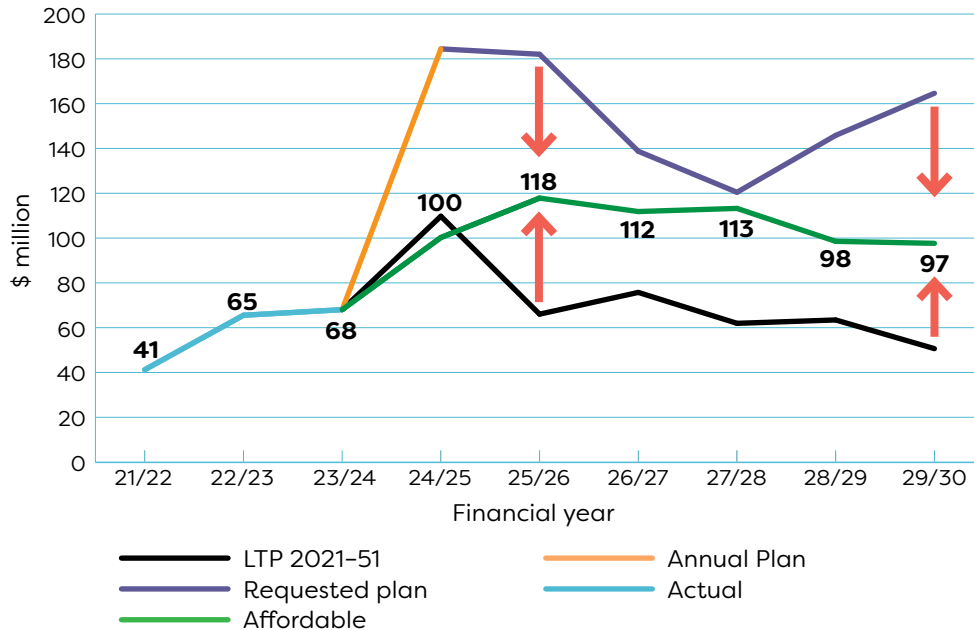
By making these reprioritisation decisions, the levels of service will remain the same but we won't be able to make improvements.

If we hadn't made these tough decisions, rates would need to increase by up to 104% across the next five years (41% more than we are currently proposing).

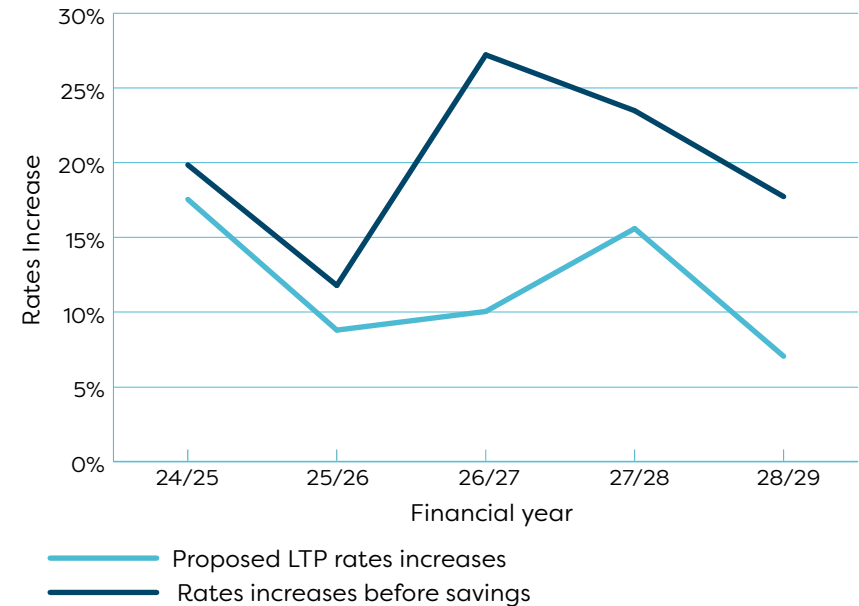
The proposed rates increases graph represents what our rates increases would have looked like if we kept all of our planned projects in our plan and compares with our current proposed increases.

We have made a savings of \$155 million by delaying, stopping and prioritising some projects, that would otherwise have to be funded by more borrowing (which comes with more interest). This has meant that we are able to hold rates increases for the first year of this plan at 17.5%, instead of around 20%.

**Capital expenditure**



**Proposed rates increases before and after cost savings**



**The projects listed below, although important, were developed to improve levels of service for our community. Due to our financial constraints, we are focusing on our core services and renewals of infrastructure.**

**Flood reduction projects including Karehana Bay and Taupō Wetlands upgrades**

In the last LTP, \$20 million had been allocated to reducing the risk of flooding in hotspots around the city. The reprioritisation in our three waters spend and our decision to prioritise maintaining our current networks means these flood protection upgrade projects are now not proceeding. We have not found room in our budgets for addressing flooding issues in the city. It was discovered that the \$16.9 million previously budgeted for Karehana Bay upgrades would only benefit about six homes, and not deliver the outcome needed for that community. By not proceeding with the Karehana Bay upgrade we have been able to reduce the forecast spend by \$26.8 million. The Taupō Wetlands upgrade was to start in outer years but will also not proceed. This will save \$27 million.

**Paremata Wastewater Trunk Upgrade Stage 2, Wastewater Rising Mains and Pump Station upgrades**

Our wastewater network does not have the capacity to handle wet weather. During heavy rain, sewage overflows from our network and finds its way into our streams and harbour. These two projects that would help replace old assets and reduce overflows are now going to be deferred. This has reduced the forecast spend by \$37 million in the first four years of the LTP.

**Walking and cycling pathways including Wi Neera to Onepoto Shared Path (Stage 3 & 4) and Bluff Road to Raiha Street walking and cycling link path**

Porirua is growing and we want it to be a place that is easy to get to and travel around. We were looking to improve the accessibility of the city and its surrounding suburbs. Due to our focus on maintenance, rather than upgrades, in this LTP, we're proposing to defer some walking and cycling paths, including Stage 3 and 4 of the Wi Neera to Onepoto Shared Path. This has reduced the forecast spend by \$15 million in the first five years of the LTP, noting that this also reduces the level of Waka Kotahi subsidies that we will receive.

**Takapūwāhia Stormwater Upgrade**

Following the 2015 flooding in Porirua, an investigation identified that Rangitūhi Park could be used to store flood waters, potentially reducing flooding downstream to the properties surrounding Te Hiko Street. This upgrade project is now no longer being prioritised, as we are focusing on maintaining our existing assets. This has reduced the forecast spend by \$3 million in the first three years of the LTP.

**Intersection upgrades and other safety improvements, including the intersections at James Cook/Discovery Drive, Parumoana Street/The Ramp, Warspite Avenue/Omapere Street/Westmeath Street and Titahi Bay Road/Hagley Street**

We are always looking for opportunities to improve the safety of our roads. We have a long list of locations where we could make improvements but we don't have the budget to do them all. We have had to reduce our roading improvement programme and this means that many of our planned safety improvements will need to be delayed. This has reduced the forecast spend by \$48 million in the first five years of the LTP, noting that this also reduces the level of Waka Kotahi subsidies that we will receive.

**Organics processing facility and a resource recovery park**

We have investigated alternate methods of funding these projects. This has reduced the forecast spend by \$75.2 million in the first five years of the LTP. However, there were no debt implications from the changed funding assumptions.

**Village Planning Programme**

The Village Planning Programme supported the engagement and development of Village Plans in interested communities across Porirua City. The annual \$600,000 of funding associated with the Village Planning Programme was paused in 2020, while a review of the programme was completed. Given the financial choices we need to make, it has been decided that the programme will not continue.

**Flood Retreat Policy**

Porirua City has developed a policy to assist with lifting or relocating homes in the most flood-prone areas of the city. The current challenge of maintaining our existing levels of service means that we have made the decision to defer upgrade projects. This policy is not funded in this LTP. This has reduced the forecast operational spend by \$7.5 million in the first five years of the LTP.





## Option 1

### Introduce a new rates-funded kerbside rubbish and recycling collection service.

As a response to the issues we are facing, Council is proposing to replace the current kerbside rubbish and recycling service with what we believe would be an improved rates-funded service in 2027/28.

The new service would mean that each household has a:

- wheelie bin for rubbish
- wheelie bin for plastic, paper, cardboard and cans
- crate for glass, which would be sorted at the kerb.

#### What does this mean for my rates?

We will need to test this with a comprehensive procurement process, but we expect the cost breakdown of the new rubbish and recycling services to be around:

- **rubbish:** \$4.5 million per year, or \$240 per household, or just under a 4% rates increase for an average medium residential ratepayer (this is likely to be cheaper than what many residents currently pay for rubbish collection)
- **glass:** \$900,000 per year, or \$50 per household, or about a 0.8% rates increase for an average medium residential ratepayer
- **recycling:** this service is already being provided and the cost of the new service is expected to be similar to the cost of the current service (the existing bins will continue to be used).

It is proposed that if the new services are implemented, they will be funded by targeted rates. ***This is our preferred option.***

#### Extra information

If you'd like to see what a targeted rate for this service could look like for your household, read Additional Information for Key Proposal at [porirua.govt.nz/haveyoursay-ltp](https://porirua.govt.nz/haveyoursay-ltp)

## Option 2

### Don't make any changes and keep our service the same as it is currently.

This would mean that:

**For recycling:** you would keep your 240 litre bin (yellow lid) for mixed recycling and 140 litre bin (blue lid) for glass.

**For rubbish collection:** you would continue to have the two options you have now:

- pay for and use Council rubbish bags, which would be collected at the kerb
- pay for an independent service to collect a wheelie bin (size of your choice) for rubbish.

While this option is the easiest, we would need to accept that our rate of recycling will remain low, and that we would not be achieving our environmental aspirations. We would continue to have multiple waste trucks up the same streets, and we would retain a system based on rubbish bags when the industry is moving away from manual handling of bags for safety reasons.

#### What does this mean for my rates?

If we didn't go ahead with this proposal, the targeted rate of \$290 would not be applied in 2027/28 for those included in the proposed scheme. As an example, for an average medium residential ratepayer, the increase would be 4.8% lower in 2027/28.

#### Your view

- » Do you support our proposal to implement a new rates-funded kerbside rubbish and recycling collection service?

## Other considerations – organic waste

As part of improving the kerbside service, in the longer term we're also considering how we manage organic waste as we currently have no system for diverting this from landfill.

Te Rautaki Para Waste Strategy was introduced by the previous government. It has a target to reduce waste emissions (or biogenic methane emissions which are mainly generated by the decomposition of organic wastes, such as food, garden, wood and paper) from waste disposal by at least 30% by 2030. The strategy also involves reducing the amount of waste being generated by 10% per person and reducing the amount of organic waste being disposed of at landfill by 30% per person. Government policy also signalled a requirement to

introduce organic kerbside collections by 2030.

There is some uncertainty around the new government's direction for organic waste minimisation, and we are not looking to move ahead of government policy. However, we do need to earmark some money in our budget, should this service be required in the future.

We know that it is not always possible for residents to compost food and garden waste at home. We have good community initiatives but they're not big enough to deal with the amount of organic waste our city creates.

Organic waste makes up about a quarter of the material that enters Spicer Landfill, and half the contents of rubbish bins and bags. Organic waste

generates methane and leachate in the landfill although if properly treated, it can have a calorific value that can be used for energy or composting. But doing this doesn't come cheap and we need to consider what this could look like for Porirua.

Any changes would need to be a regional initiative, and we are exploring how we could team up with Hutt City Council and Wellington City Council to test the market to see what kind of commercial model might work for Porirua.

There is a lot of uncertainty around markets and prices for this kind of activity, and some other cities have introduced systems that have struggled, so we want to carefully test the commercial and environmental sustainability of organic waste systems before we progress this initiative.



Example of a council organic household waste bin



## Rates increases for 2024/25

This table shows an estimate of what you may expect to pay, based on your property value. The property rating categories (eg residential, rural and commercial) are based on properties of different values as described in this section. All amounts expressed include GST calculated on the basis at the prevailing rates at time of supply.

	Average capital value	2023/24 rates	2024/25 projected rates	Average increase/decrease	What your rates are made up of for 2024/25						
					Water	Wastewater	Recycling	UAGC	City	General	Total
<b>Residential</b>											
Lower quartile	\$660,000	\$3,894.31	\$4,568.53	17.31%	\$688.20	\$779.94	\$100.00	\$425		\$2,575.39	\$4,568.53
Median	\$800,000	\$4,350.61	\$5,114.83	17.57%	\$688.20	\$779.94	\$100.00	\$425		\$3,121.69	\$5,114.83
Upper quartile	\$1,000,000	\$5,002.47	\$5,895.25	17.85%	\$688.20	\$779.94	\$100.00	\$425		\$3,902.11	\$5,895.25
<b>Rural</b>											
<b>Less than 50 ha</b>											
Lower quartile	\$1,400,000	\$4,074.32	\$4,795.36	17.70%				\$425		\$4,370.36	\$4,795.36
Median	\$1,940,000	\$5,482.32	\$6,481.07	18.22%				\$425		\$6,056.07	\$6,481.07
Upper quartile	\$2,475,000	\$6,877.28	\$8,151.17	18.52%				\$425		\$7,726.17	\$8,151.17
<b>50 ha &amp; greater</b>											
Lower quartile	\$1,210,000	\$3,184.58	\$3,730.09	17.13%				\$425		\$3,305.09	\$3,730.09
Median	\$1,820,000	\$4,576.29	\$5,396.29	17.92%				\$425		\$4,971.29	\$5,396.29
Upper quartile	\$3,790,000	\$9,070.85	\$10,777.29	18.81%				\$425		\$10,352.29	\$10,777.29
<b>Hongoeka</b>											
Lower quartile	\$508,000	\$1,582.96	\$1,812.59	14.51%				\$425		\$1,387.59	\$1,812.59
Median	\$695,000	\$2,009.60	\$2,323.38	15.61%				\$425		\$1,898.38	\$2,323.38
Upper quartile	\$850,000	\$2,363.24	\$2,746.75	16.23%				\$425		\$2,321.75	\$2,746.75
<b>Commercial</b>											
Lower quartile	\$401,000	\$6,012.31	\$7,091.89	17.96%	\$688.20	\$779.94		\$425	\$348.04	\$4,850.71	\$7,091.89
Median	\$705,000	\$9,294.06	\$11,033.09	18.71%	\$688.20	\$779.94		\$425	\$611.89	\$8,528.06	\$11,033.09
Upper quartile	\$1,723,000	\$20,283.57	\$24,230.90	19.46%	\$688.20	\$779.94		\$425	\$1,495.43	\$20,842.33	\$24,230.90
<b>Industrial</b>											
Lower quartile	\$526,000	\$7,361.72	\$8,712.45	18.35%	\$688.20	\$779.94		\$425	\$456.53	\$6,362.78	\$8,712.45
Median	\$970,000	\$12,154.79	\$14,468.67	19.04%	\$688.20	\$779.94		\$425	\$841.89	\$11,733.64	\$14,468.67
Upper quartile	\$1,623,000	\$19,204.05	\$22,934.45	19.43%	\$688.20	\$779.94		\$425	\$1,408.64	\$19,632.67	\$22,934.45
<b>Motels</b>											
Lower quartile	\$2,543,000	\$19,712.11	\$22,962.37	16.49%		\$6,239.50		\$425	\$2,207.13	\$14,090.74	\$22,962.37
Median	\$3,175,000	\$30,994.39	\$35,592.12	14.83%		\$14,818.82		\$425	\$2,755.66	\$17,592.65	\$35,592.12
Upper quartile	\$4,100,000	\$46,715.41	\$53,219.44	13.92%		\$26,517.88		\$425	\$3,558.48	\$22,718.07	\$53,219.44
<b>Shopping plaza</b>											
Lower quartile	\$9,420,000	\$105,418.78	\$126,094.94	19.61%		\$3,119.75		\$850	\$8,175.84	\$113,949.35	\$126,094.94
Median	\$11,300,000	\$143,418.20	\$169,611.62	18.26%		\$21,838.26		\$1,275	\$9,807.53	\$136,690.83	\$169,611.62
Upper quartile	\$20,750,000	\$263,279.43	\$310,190.54	17.82%		\$24,178.07		\$17,000	\$18,009.40	\$251,003.07	\$310,190.54
<b>Vacant land/ Derelict building</b>											
Median	\$467,500	\$6,730.20	\$10,507.95	56.13%	\$688.20	\$779.94		\$425	\$405.75	\$8,209.06	\$10,507.95

Commercial water meter charges are proposed to be increased from \$2.77 per m<sup>3</sup> incl GST to \$3.40 per m<sup>3</sup> incl GST for 2024/25, which is an increase of 22.74%.

# Rārangi kupu/Glossary

**Activity or service:** The services Council provides to the community, like collecting rubbish and maintaining parks, roads and the water network.

**Annual Plan:** A plan that includes the services that Council will provide, the amount of money we will spend, our funding sources, and the goals we hope to achieve in that financial year. We don't do an Annual Plan on years when we do a Long-term Plan.

**Asset:** An item of value, typically something physical, such as community facilities like Te Rauparaha Arena, roads and pipes.

**Capex or capital expenditure:** Capex or our capital investment is what we use to build (or buy) assets, like roads, pipes, and buildings.

**Consumers Price Index (CPI):** Measure of change in price over time for consumer goods/services, shown as an average.

**Debt:** Borrowing money in a sustainable way to pay for long-term assets.

**Deferring:** Delaying projects (the building or buying of assets) until a later time.

**Depreciation:** A decrease in the value of an asset over time because of wear and tear. Council is increasing the level of depreciation it funds from rates, ensuring we can replace the assets in the future.

**Emergency Operations Centre:** Porirua's Emergency Operations Centre is activated during any Porirua event that needs a range of emergency agencies to be coordinated (which can be at a local, regional, or national level) or when a state of emergency is declared.

**Facilities:** Buildings or other structures used to provide services to Porirua residents and visitors.

**Financial year:** The financial year runs from 1 July to 30 June the following year. These dates are used by the Council to set budgets and rates.

**Inflation:** The term used to describe an increase in average prices over time, meaning that your money may not be able to buy as much as it once could.

**Local Government Funding Agency (LGFA):** This agency sets out how much debt a council can carry. The LGFA requires us to keep our debt level at less than 280% of our revenue. We don't want our planned debt level to get too close to 280%, as we also need capacity to borrow more if there are emergencies.

**Local Water Done Well (LWDW):** This is the government's new plan to address New Zealand's long-standing water infrastructure challenges. They plan to roll LWDW out in three stages, with the first stage already complete (repealing the 3 Waters legislation).

**Long-term Plan (LTP):** A plan that sets the city's budget and direction for the next 10 years.

**Opex or operating expenditure:** Opex is our operating budget, or the money that Council spends on providing services in the current financial year, rather than longer-term activities or capex.

**Organic waste:** Any plant or animal material that can break down naturally.

**Rates:** A tax against a property to help fund services and assets that Council provides.

**Revenue or income:** Money that Council receives (or is expected to receive) to cover the costs of providing services to Porirua residents and visitors. Cash revenue refers to money received during the financial year.

**Savings:** Reducing the amount of money that Council spends in a financial year. This could mean paying less money for the same service or saving

money by providing fewer services to the community. It can also refer to spending money later than originally planned.

**Stormwater:** Rainwater that is collected in pipes, drains, green infrastructure, or overland flow paths to manage flooding and avoid pollution of streams, rivers and coastal waters.

**3 Waters:** Refers to the repealed 3 Waters reform.

**Three waters:** A collective term for the drinking water, wastewater and stormwater network.

**Uniform Annual General Charge (UAGC):** A general rate that every property pays. This is the same amount for most properties, except shopping plazas.

**Waste:** In general, it refers to household and commercial rubbish, as well as recycling.

**Wastewater:** Water that has been used for cooking, bathing, washing, or flushing our toilets.

**Water/drinking water:** Water that flows from our taps, from water sources and Council supply networks.

**Wellington Region Emergency Management Office (WREMO):** WREMO coordinates civil defence and emergency management services for the nine councils in the Wellington Region. Response to an event may be at a local (council), regional (more than one council in the region) or national level.

**Wellington region Waste Management and Minimisation Plan (WMMP):** A collaborative plan formed by eight councils in the Wellington region to reduce the total quantity of waste sent to landfills.

**Wellington Water:** A council-controlled organisation that provides water services to the Wellington region. It is jointly owned by Porirua, Hutt, Upper Hutt and Wellington city councils, South Wairarapa District Council and Greater Wellington Regional Council.

# Te Pūrongo a Te Kaiarotake Motuhake Independent Auditor's Report



## To the reader: Independent auditor's report on Porirua City Council's consultation document for its proposed 2024-34 Long-Term Plan

I am the Auditor-General's appointed auditor for Porirua City Council (the Council). The Local Government Act 2002 (the Act) requires the Council to prepare a consultation document when developing its long-term plan. Section 93C of the Act sets out the content requirements of the consultation document and requires an audit report on the consultation document. I have done the work for this report using the staff and resources of Ernst & Young. We completed our report on 25 March 2024.

### Opinion

In our opinion:

- the consultation document provides an effective basis for public participation in the Council's decisions about the proposed content of its 2024-34 long-term plan, because it:
  - fairly represents the matters proposed for inclusion in the long-term plan; and
  - identifies and explains the main issues and choices facing the Council and the City, and the consequences of those choices; and
- the information and assumptions underlying the information in the consultation document are reasonable.

### Emphasis of Matters

Without modifying our opinion, we draw attention to the following disclosures.

#### *Uncertainty over the delivery of the capital programme*

Pages 12 and 19 outline a significant increase in the Council's capital spend, largely due to three waters services. Although the Council is taking steps to deliver on its capital programme there is an inherent level of uncertainty and risk that the Council may not be able to deliver on the programme especially when its cost is expected to increase significantly. If the Council is unable to deliver on a planned project, it could affect levels of service.

#### *Uncertainty over the three waters forecasts*

Pages 12 to 14 outline the Council's planned investment in, and approach to, three waters assets and services. The forecast is primarily based on age of existing assets and is capped by what the Council considers is affordable. Using mostly age-based information creates uncertainty over which assets to prioritise for renewal, the timing thereof, and forecast amounts required, resulting in a risk of asset failure and reduced levels of service. To reduce

the risk, the Council plans to prioritise maintenance of the existing network, complete projects under construction, and install household water meters.

#### *Eastern Porirua funding by Kāinga Ora*

Page 6 outlines that the Council is assuming significant government funding to assist with the development of infrastructure in eastern Porirua. There is uncertainty over the funding allocation beyond year 5 of the long-term plan, which could affect the planned capital works, funding needs and levels of service.

### Basis of opinion

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400 *The Examination of Prospective Financial Information* that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the consultation document. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the consultation document.

We did not evaluate the security and controls over the publication of the consultation document.

### Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements relating to its procedures, decisions, consultation, disclosures, and other actions associated with preparing and publishing the consultation document and long-term plan, whether in printed or electronic form;
- having systems and processes in place to provide the supporting information and analysis the Council needs to be able to prepare a consultation document and long-term plan that meet the purposes set out in the Act; and
- ensuring that any forecast financial information being presented has been prepared in accordance with generally accepted accounting practice in New Zealand.

We are responsible for reporting on the consultation document, as required by section 93C of the Act. We do not express an opinion on the merits of any policy content of the consultation document.

### Independence and quality management

We have complied with the Auditor-General's independence and other ethical requirements, which incorporate the requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board. PES 1 is founded on the

fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We have also complied with the Auditor-General's quality management requirements, which incorporate the requirements of Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* (PES 3) issued by the New Zealand Auditing and Assurance Standards Board. PES 3 requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

For the year ended 30 June 2023 and subsequently, the independent Chair of the Council's Audit and Risk Committee is also the independent Chair of the Auditor-General's Audit and Risk Committee.

The Auditor-General's Audit and Risk Committee is regulated by a Charter that specifies that it provides independent advice to the Auditor-General and does not assume any management functions. There are appropriate safeguards to reduce any threat to auditor independence, as a member of the Auditor-General's Audit and Risk Committee has no involvement in, or influence over, the audit of the City Council.

In addition to this audit and our report on the Council's 2023/24 annual report, we have performed a limited assurance engagement related to the City Council's debenture trust deed, which is compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the Council.



Sam Nicolle

**Ernst & Young**

On behalf of the Auditor-General  
Wellington, New Zealand



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