Quarterly Performance Report
Te Pūrongo ā-Hauwhā

Quarter 2 2022/23

(YTD 01-07-2022 to 31-12-2022)

Nau mai haere mai |Welcome

This report provides governance oversight of Wellington City Council's quarterly year to date performance against its current Long-term Plan.
The Council's Long-Term Plan is published on the Council's website (www.wcc.govt.nz) with details on our outcome indicators, service delivery key performance indicators, strategic priorities and supporting priority projects.

Contents

Introduction

Purpose

The information in this report supports governance oversight and service delivery performance monitoring of the current Long-term Plan (LTP).

Oversight includes:

- LTP strategic direction and risks to overall progress
- Programmes supporting LTP priorities, strategies, action plans and key projects; and
- Monitoring of service delivery key performance indicators

The report informs three key questions:

- Is the LTP progressing as expected
- Are the responses to risks sufficient to mitigate undesirable impacts, and;
- Is service performance on track

The Quarterly report is provided to the Council's Kōrau Tōtōpū | Long-Term-Plan, Finance and Performance Committee (the LTPF&P Committee)

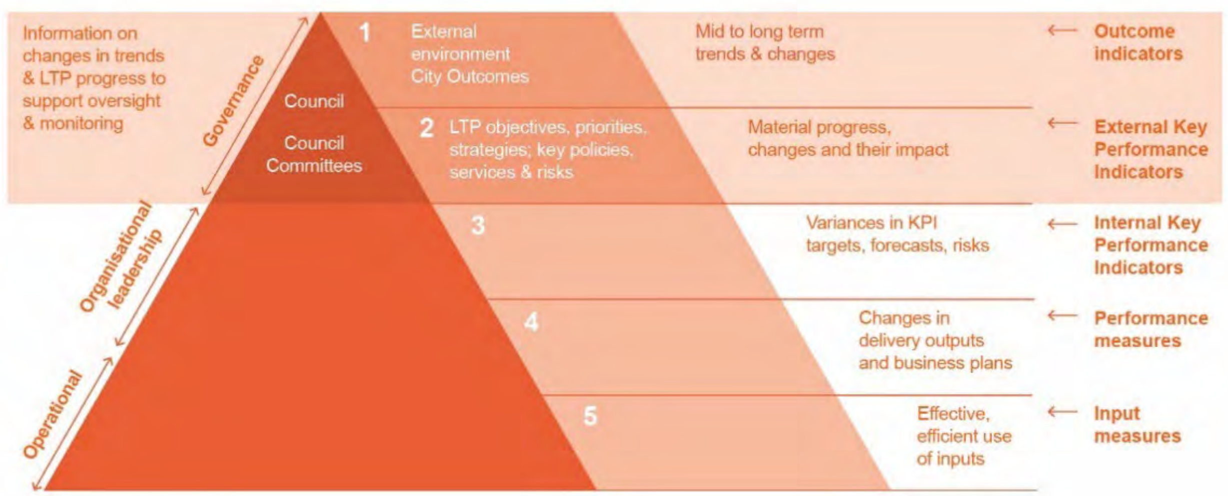
What we report

The Quarterly Report provides a year to date performance story covering progress against LTP objectives, priorities and strategies. This includes progress against the six LTP priority objectives (LTP priorities) and their supporting work programmes.

The report covers the top two tiers of the monitoring and reporting framework as shown in figure 1 below.

The report scope includes LTP amendments and Annual Plan variations.

Figure 1: Monitoring and Reporting framework



How we report

Performance data

Financial and non-financial results are reported quarterly year to date. Results which are reported on an annual basis, for example the annual residents' monitoring survey, are published in the Council's Annual Report.

Programme information focuses on overall progress, programme health and risks to progress. Where possible actual and forecast information is provided.

Exception reporting

Only those indicators with a status of red are reported which allows a focus on under performance. Red is used for financial reporting where a variance is >$500k AND >10% off target. For non-financial reporting red is used where a variance is >10% off target.

Risks are reported using the Council's Risk and Assurance framework.

Where we get our data

The Information in this report is sourced from the Council's business units including Finance, Risk and Assurance, the Project Management Office and CCOs.

Overview of report content

Executive summary
Key Strategy update (see table below)
Section 1 – LTP strategic priority work programmes
Section 2 – LTP significant projects portfolio
Section 3 – Financial and non-financial performance by strategic activity area
Section 4 – Strategic activity financial performance including Treasury report
Section 5 – Community wellbeing outcomes

Featured update:

Quarter 1	Quarter 2	Quarter 3
N/A	Te Atakura Council Controlled Organisations (CCOs)	Tūpiki ora Waste

Wellbeing and LTP community outcomes

The LTP makes investment decisions with the goal of raising the wellbeing of our city, local communities and residents. These investment decisions are the strategic objectives and priorities that underpin our activity and service delivery with the intention they connect to community wellbeing outcomes.
Often the link between investments made and community wellbeing is indirect and supportive of other changes - external to the Council's operations. So, we use wellbeing outcome indicators to track how the city is trending. The outcome indicators cover Environmental, Social, Economic, and Cultural aspects of city life and which contribute to improving the city, local community and resident wellbeing. See section 5 for more detail on community wellbeing outcomes.

LTP Strategic priorities and supporting work programmes

The Council invests capital in work programmes that support the six LTP strategic priorities as shown below:

Priority 1: A functioning, resilient, reliable three waters infrastructure

Priority 2: Wellington has affordable, resilient and safe housing

Priority 3: The city's core transport infrastructure is a safe, resilient, reliable network

Priority 4: The city has resilient and fit-for-purpose community, creative and cultural spaces

Priority 5: An accelerating zero-carbon and waste-free transition

Priority 6: Strong partnerships with mana whenua

The work programmes contain the individual projects that deliver the LTP. The expected impact or urgency of some of the projects means that they are classified as significant projects. There is a total of 52 work programmes with 114 supporting projects. Of the 114 supporting projects, 24 are classified as significant projects.
This quarterly report (in section two) provides overall performance information on the portfolio of LTP work programmes. The Project Management Office provides detailed individual project monitoring reports for the high priority projects to the Kōrau Totopo | Long-Term Plan, Finance and Performance Committee.

The following tables provide an overview of the alignment of community wellbeing outcomes and the LTP strategic priorities, work programme objectives and work programme descriptions. The last table indicates how two LTP strategic priorities, their objectives and work programmes align with all four community wellbeing outcomes

Community Wellbeing Outcome	LTP Strategic priorities	LTP Work Programme Objectives	LTP Work Programme Description
Environmental Sustainable, climate friendly eco capital	1. A functioning, resilient & reliable three waters infrastructure	A reliable 3 Waters infrastructure	3 Waters network Stormwater Wastewater Targeted upgrades
		A resilient 3 Waters infrastructure	Drinking Water
		A functioning 3 Waters infrastructure	3 Waters Reform Programme

Community Wellbeing Outcome	LTP Strategic priorities	LTP Work Programme Objectives	LTP Work Programme Description
Social People friendly, compact, safe, accessible capital city	2. Affordable, resilient & safe housing	Urban Planning	Planning for growth
		Safe Housing	Social Housing
		Affordable Housing	Housing Investment Programme (projects) Proactive development (SHIP) - Te Kāinga (projects) Housing Action Plan (projects)
		Resilient Housing	Proactive development (SHIP)

Community Wellbeing Outcome	LTP Strategic priorities	LTP Work Programme Objectives	LTP Work Programme Description
Economic Dynamic, sustainable economy	3. Core transport infrastructure is a safe, resilient & reliable network	Reliable, safe Transport network	Let's Get Wellington Moving Priority Planning Speed management upgrades Bike network
		Resilient, safe Transport network	Carriageway Shelly Bay Network renewals Network access

Community Wellbeing Outcome	LTP Strategic priorities	LTP Work Programme Objectives	LTP Work Programme Description	
Cultural Innovative, inclusive, and creative city	4. Resilient and fit-for-purpose community, creative & cultural spaces	Fit-For-Purpose Community, Creative & Cultural Spaces	Aho tini 2030 Public space improvements Waterfront Development Zealandia Zoo upgrades Community centres & halls upgrades Suburban Centres upgrades City Venues Pōneke Promise Te Ngākau Civic Precinct Venues seismic strengthening	Community facilities development Streets for People: Laneways programme Public safety - Pōneke Promise Burial & Cremations policy Waterfront Development: Frank Kitts Park Public Space and City Greening: CBD greening, pocket park development Public Space and City Greening
		Resilient Community, Creative & Cultural Spaces	Community facilities planning Waterfront facilities Sports fields upgrades EQ Risk Mitigation: Seismic strengthening	Community facilities earthquake resilience EQ Prone buildings Venues Seismic strengthening Asset Management Programme CCO Upgrades

	LTP Strategic priorities	LTP Work Programme Objectives	LTP Work Programme Description	
All Community Wellbeing Outcomes	5.An accelerating zero carbon and waste free transition	Te Atakura - first to zero	Climate and sustainability Climate Change response Resource efficiency - energy Seed funding for climate action	Sustainable food (SF) systems Mode shift WCC EV fleet transformation
		Waste Free Transition	Waste Minimisation: Resource efficiency - waste	Waste Minimisation: Resource efficiency - waste Waste Minimisation
	6. Strong partnerships with mana whenua	Upholding Te Tiriti o Waitangi, weaving Te Reo Māori and Te Ao Māori into the social, environmental, and economic development of our city, and restoring the city's connection with Papatūānuku (nature)	Our cultures, community diversity and inclusive city life are nurtured celebrated and enriched Iwi and Māori to have leadership roles in the decision-making process for our city. Te Reo Māori and Te Ao Māori policies Sites of significance to mana whenua are preserved and recognised as part of city's identity	
			Māori Partnerships - inspiring meaningful relationships so that our partnerships are mana enhancing Māori Strategy - weaving te ao Māori knowledge and research together so that Māori prosper as Māori Māori Capability and Success - providing Māori organisational leadership so that Māori are empowered to engage with the Council	

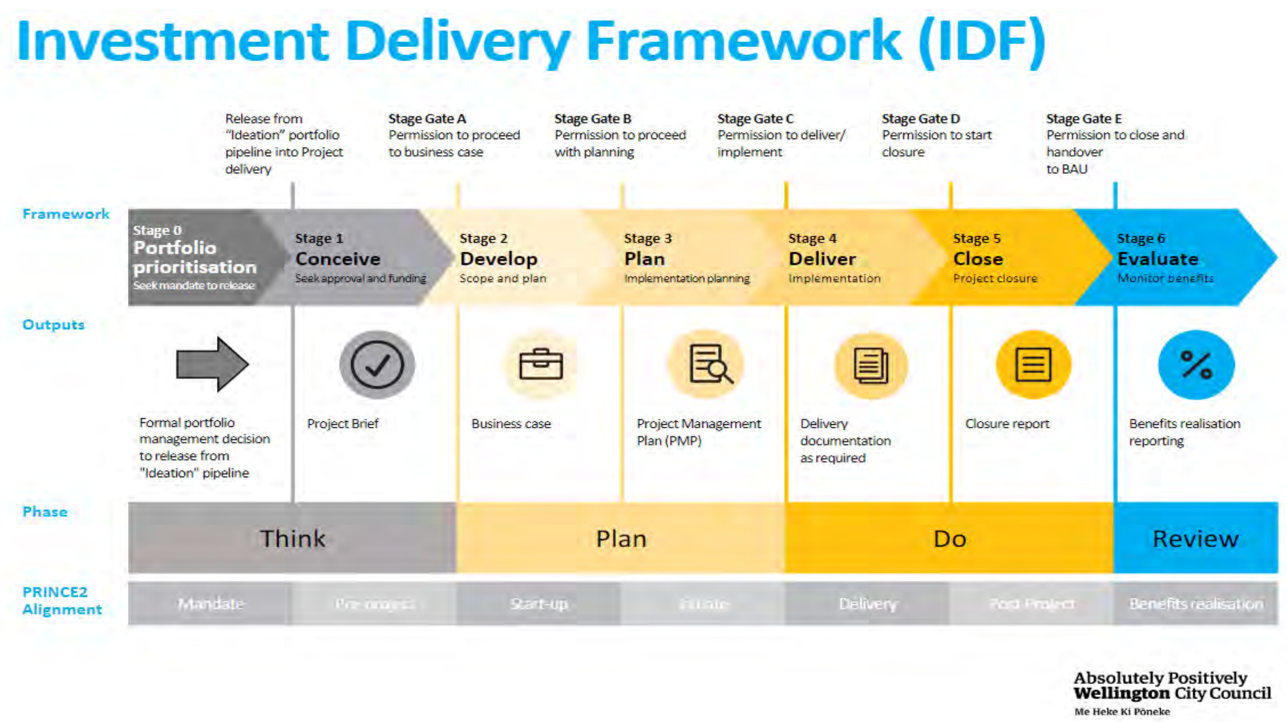
Reporting programme performance

Quarterly [work] programme reporting focuses on progress to programme delivery, changes to budget, overall programme health and risk status against a LTP starting position of 1 July 2021 and over the three years between LTP updates. As a number of programmes have projects that are being planned or start in subsequent years, the first quarterly report will contain programmes that have projects that are in-flight from the previous LTP and are finalising plans to commence in the following quarter. This means that content and programmes covered will likely expand over subsequent reports. The first quarterly report of a financial year sets the baseline position for on-going quarterly programme reporting.

Investment Delivery Framework (IDF)

The Council uses the Investment Delivery Framework (IDF) to provide a structured and logical approach to managing investments for project-based delivery. There are six stages to the IDF with a decision-gate between each stage to ensure structured progression through to completion and benefits realisation. This report includes information on the progress of projects through the IDF. This allows the Council to understand the current state and delivery progress of the portfolio of key projects in the Council's LTP work programme.

Figure 2: Investment Delivery Framework



Executive summary

This quarterly report is earlier than usual as a result of the Council elections in late 2022. The impact of moving the report earlier means that there is no LTP strategic work programme or significant projects portfolio reporting. However these two elements will be presented to committee at their 23 March meeting. The next quarterly report will revert to normal timelines and will be presented to committee at their 31 May meeting.

This section provides an executive summary of year to date non-financial and financial LTP performance for Quarter 2 2022/23.

Overview:

1. LTP strategic work programmes

- Not reported this period. This information will be presented in a separate report to Committee in March

2. LTP significant projects portfolio

- Not reported this period. This information will be presented in a separate report to Committee in March

3. Financial and non-financial performance by strategic activity area

- 72% = 41 of 57 KPIs (reporting quarterly) met their target compared to 53% = 31 of 58 at year end 2021/22
- The year to date financial result shows a $3.2m positive variance to operating (opex) budget. The full-year forecast at Q2 shows an expected negative variance to budget of $8.0m (11%), primarily driven by lower than budgeted parking revenue
- The year to date capital (capex) spend is $169m, 14% lower than budget but 31% higher than the same period last year

4. Strategic activity financial performance including Treasury report

- All Strategy Areas are operating within budgetary constraints in the year to date, with the exception of *7. Transport,* which shows a negative variance to budget of $8.7m, this is as a result of lower-than-expected parking revenues ($4.0m) and higher than expected costs relating to remediation of slips ($1.6m)
- Treasury Report – All measures are compliant. Net debt is now $1.04bn an increase of $79.5m from the 2021/22 Annual Plan.

5. Community wellbeing outcomes

No change since year end 2021/22 reporting

Executive Summary

1. *LTP strategic work programmes (full details page 11)*
2. *LTP significant projects portfolio (full details page 12)*

This report has been brought forward by a month therefore no reporting is available for both the LTP strategic work programme and the LTP significant projects portfolio this period, however reporting as at 31 January 2023 will be provided to committee at their 23 March meeting. Normal work programme reporting will occur for quarter 3

3. *Financial and non-financial performance by strategic activity area (full details page 13-28)*

A summary of non-financial performance by strategic activity area:

Total LTP KPI overview (n=95)

This period		Not reported this period	Last period (quarterly reporting KPIs at year end 2021/22 financial year) *		Reported annually or not reported at year end
41	16	38	31	27	37

* Last financial year results have been provided as comparison as no quarter 1 data available

Comment

- Overall KPI performance has improved on the end of 2021/22 financial year results as the Council emerges from the impact of the pandemic: 72% of KPIs (41 of 57) (reporting quarterly) met their target compared to 53% (31 of 58) at year end 2021/22.
- Wellington Water met 16 of 23 KPIs however continues to struggle to meet performance targets for callouts for water network faults (3 KPIs) and meeting water quality targets (3 KPIs). Average drinking water consumption was approximately 6.6% greater than target.
- Areas with KPI performance challenges are similar as at YTD last financial year – resource availability and its impact on timeliness: Wellington Water fault attendance and water quality (7), waste diversion (1), consenting and code of compliance (3), food registrations (1), alcohol licences (1), noise control (1) and public toilets (1); consequences of changing work and life patterns: parking occupancy (1).
- Council Controlled Organisations (CCOs) have seen a return to positive performance with the rebound in visitor and tourist numbers, for example: visitor numbers are up for Experience Wellington (40%); Cable Car (62%) and Zealandia (46%).
- Recruiting remains challenging, in particular for our contractors. For example: a 30% shortage of staff across the security industry affecting recruitment of noise control officers.

LTP KPI by strategic activity area.

Strategic Activity area	This period		Not reported this period	Last period (quarterly reporting KPIs at year end 2021/22 financial year)*		Reported annually or not reported at year end
Governance	3	0	4	2	1	4
Environment	18	8	10	13	13	10
Economic development	6	0	3	4	3	2
Cultural wellbeing	1	0	2	1	0	2
Social & Recreation	7	3	7	6	4	7
Urban Development	4	4	3	4	4	3
Transport	2	1	9	1	2	9

* Last financial year results have been provided as comparison as no quarter 1 data available

CCOs have a total of 15 KPIs, 11 of which are reported quarterly. All met their target this quarter

A summary of financial performance:

- The year to date opex budget has a deficit of $44.1m (meaning expenses are higher than revenues) and the actual result is a deficit of $40.9m which is a $3.2m positive variance.
- The full-year forecast at Q2 shows an expected unfavourable variance to budget of $8.0m (11%), primarily driven by lower than budgeted parking revenue

3. LTP strategic activity financial performance including Treasury report (full details page 29-33)

- The year to date financial result shows a $3.2m positive variance to operating (opex) budget. This result is driven by several variances (detailed on page 31) which are mainly from higher than expected revenue of $6.4m. This result is however partially offset by an overspend in controllable expenses of $0.6m (1%) and interest expense of $1.7m (8%).
- The full-year forecast shows a total deficit of $83.4m versus a budget of $75.4m, an $8.0m (11%) adverse variance. The main components of the deficit include a reduction in parking revenue of $7.0m combined with an expected overspend in areas such as 3 Waters and slip remediation being netted by underspends across the organisation.
- Council net debt is forecast to be below a projected net debt of $1.2b in-line with capital spend forecasts. Given current debt forecasts, interest rate measures are projected to continue to maintain policy compliance levels.

4. LTP community wellbeing outcomes (page 34)

Refer to table on page 34. No updates to outcome data since reported in our 2021-222 Annual Report)

Featured update - Te Atakura First to Zero Strategy

Delivering Wellington's climate response through Te Atakura – First to Zero

Wellingtonians have consistently told us they want to see more climate action city-wide, and this is reflected in Te Atakura - First to Zero, Council's strategy to halve the city's emissions by 2030 and reach net zero by 2050.

Eighteen months after the Long-term Plan decision to fund Te Atakura, the Climate Change Response business unit is fully resourced and working on reshaping our city through policy, partnerships and visible progress. The Proposed District Plan, Let's Get Wellington Moving, Paneke Pōneke, and the installation of 7 new Council EV chargers through our partnership with Meridian Energy, are providing more options for Wellingtonians to shift to low- and zero-carbon ways of moving around the city.

The new Climate and Sustainability Fund allocated the full $500,000 budget in its first two years to 12 community-based projects, and we've also launched the Environment and Accessibility Performance Fund allocating up to $20M over seven years to support developers in raising the quality of new and existing buildings.

Reducing council's emissions

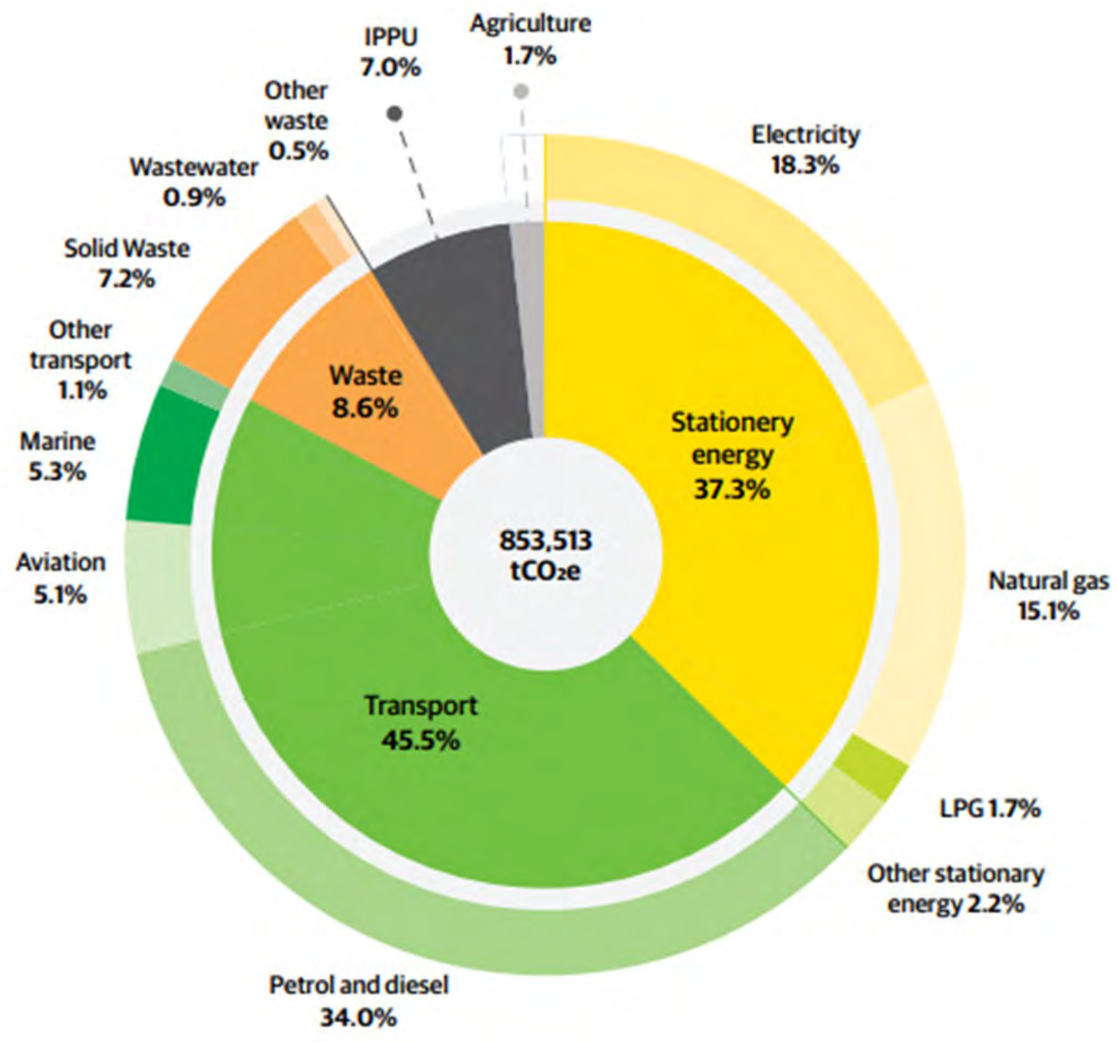
We are continuing to walk the talk internally, by transitioning to electric vehicles for our fleet, a plan for Te Matapihi that removes our reliance on natural gas, and our Climate Smart Buildings and Infrastructure Framework Āhuarangi Whaiwhakaaro that will apply to all our future horizontal and vertical infrastructure projects. In quarter 3 we will be producing our Council Emissions Reduction Plan and setting a science-based reduction target for our organisation to match the ambition of the city's targets.

What the numbers tell us: our work is having impact

The most recent report on the city's emissions of greenhouse gases, completed at the end of 2022, showed emissions dropped 9% from 939,309 tonnes of carbon dioxide equivalent in the 2019-20 year to 853,513 tonnes in the 2021-22 year. With the most up to date emissions data for both the city and for Council, we'll be talking with businesses and communities about what the city's target means for them. We've laid the foundations for this conversation with a new report on zero emissions pathways for key sectors in Wellington's economy, and the use of local data to build a portrait of the city's performance on broader social and environmental measures. The following diagram shows the major sources of greenhouse gas emissions for Wellington.

We are continuing to work with our communities to understand the impacts of climate change and in the months ahead we'll also be launching our new climate action campaign to encourage Wellingtonians to take impactful climate action to protect the people, places and lifestyle they love.

Diagram: 2021-22 emissions snapshot for the city



Featured update – Council Controlled Organisations (CCOs)

Summary

This overview of CCOs outlines how CCOs have bounced back from COVID, and how work is being aligned with council Strategies – with a focus on Tūpiki Ora.

A window into Wellington's bounce back from COVID-19

A major challenge for the Council is to support our city and its economy to recover from the COVID-19 pandemic, enabling businesses and residents to recover financially, culturally and socially.

CCOs provide a strong window into how Wellington is building back from COVID-19. This is highlighted by a rebound in visitation, the return of cruise ships and the return of events.

Strong visitation rebound

- Zealandia visitor numbers up 46% on target YTD including a positive increase in tours with most being fully booked through January. Night tours continue to be very popular with additional guides having been trained to meet demand.
- Experience Wellington visitor numbers up 40% on target YTD.
- Cable Car passenger numbers up 62% on target and revenue up 71% on target
- November was an extremely busy month for the Zoo. They welcomed more than 5,000 school children, ran 22 sleepovers and hosted a full Zoo hire for Victoria University (1,100 people).

Return of Major Events

- All Blacks v Ireland sold out at Sky Stadium with 35% coming from outside the region
- 14,700 attended Beervana with 45% of attendees coming from outside the region
- WOW sold out with approx. total audience of 60,000 and 65% from outside the region
- The quarter also saw the return of international touring concerts to Sky Stadium, with Guns 'n Roses taking the stage in November and the upcoming Ed Sheeran concert on February 2nd set to be a record-breaking crowd of 48,000, making it the facility's largest single day event
- WellingtonNZ's Venues Wellington financial performance is tracking ahead of budget, with solid bookings for both performance and business events in our civic venues

Greater Strategic Alignment and Collaboration

A significant step-change in the past 12 months has been the greater collaboration and more deliberate alignment of CCOs with core Council Strategies. This has ranged from the closer involvement of CCOs in the Annual Plan and Long-Term Plan processes through to working collectively as a CCO group on strategic initiatives, with a particular focus this quarter on Tūpiki Ora. In collaboration with the Council's Mataaho Aronui and Economic Wellbeing teams, CCOs have codesigned a CCO Tūpiki Ora Action Plan based around four Pou (Pathways, Capability, Governance and Storytelling).

Building Resilience through COVID-19

The impact of COVID-19 restrictions on our CCO whānau's ability to deliver their services has affected each organisation differently. This included some CCOs requiring financial support from the Council to get through the pandemic. COVID-19 in one sense provided an opportunity to test and grow resilience. The majority of CCOs managed to adapt and make the necessary adjustments, but some have been limited in their ability to significantly change operations to meet such challenging circumstances.

Wellington Museums Trust (Experience Wellington) performance has been challenged by the pandemic. Their current financial situation has resulted from rising costs and a failure for revenue to keep up with expenditure over many years prior to the pandemic. COVID-19 depleted retained earnings, and the absence of reserves have now driven this to a point of significance, which will be exacerbated by the long-term construction work around City Gallery. A review of the Trust's challenges along with a review of its operating and funding model will be undertaken to enable it to thrive and provide the best possible outcome for Wellington.

At the other end of the spectrum, an exemplar for demonstrating resiliency and adapting its services has been Zealandia, who have managed the past turbulent two and half years well, despite the continued impact on tourism. Through prudent financial management in the years prior to the pandemic, including creating a plan for how they would respond to an event that might result in a significant drop in revenue, Zealandia managed to meet its costs including funding depreciation and other non-operating expenses.

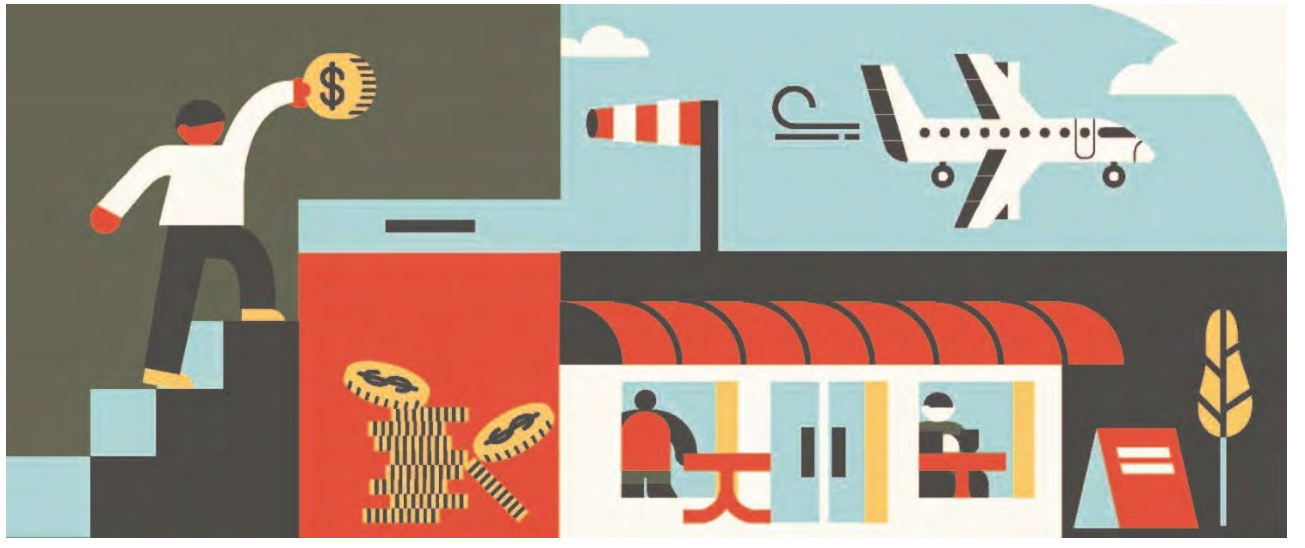
Unsurprisingly the ability to do this was negatively impacted by COVID-19. However, due to sound financial management, having the ability to adapt their services to meet the circumstances, and receiving COVID support funding from Central Government, Zealandia managed to continue to operate without requiring any financial assistance from Council.

1. LTP strategic work programme

This section of the quarterly report provides a year to date overview of the strategic work programme delivering the LTP including its financial performance, and an overall health status by strategic priority area.

There are a total of 52 work programmes with 114 supporting projects. Of the 114 supporting projects, 25 are classified as significant projects.

There is no reporting available for the LTP strategic work programme this period however reporting as at January 2023 will be provided to committee at their 23 March meeting. Normal reporting will occur for quarter 3.



2. LTP significant projects portfolio

This section of the quarterly report provides a summary of the LTP significant projects (investments) portfolio including positioning on the Investment Delivery Framework (IDF) and year to date spend as well as health status overview.

The significant projects are a subset of the larger LTP work programme and are considered to be priority pieces of work.

No reporting available for the LTP significant projects portfolio this period however reporting as at 31 January 2023 will be provided to committee at their 23 March meeting. Normal reporting will occur for quarter 3

3. Financial and non-financial performance by strategic activity area

This section of the quarterly report provides a year to date overview of financial and non-financial performance by strategic activity area. In total there are 95 LTP KPIs, of these 57, report quarterly, with the balance reporting annually

Total LTP KPI overview (n=95)

This period		Not reported this period	Last period (quarterly reporting KPIs at year end 2021/22 financial year)*		Reported annually or not reported at year end
41	16	38	31	27	37

* Last financial year results have been provided as comparison as no quarter 1 data available

Summary Non-Financial performance:

- 72% = 41 of 57 KPIs (reporting quarterly) met their target (compared to 53% = 31 of 58 at year end 2021/22)
- Wellington Water met 16 of 23 KPIs however continues to struggle to meet performance targets for callouts for water network faults (3 KPIs) and meet water quality targets (3 KPIs). Average drinking water consumption was approximately 6.6% greater than target.
- Areas with KPI performance challenges are similar as at YTD last financial year – resource availability and its impact on timeliness: Wellington Water fault attendance and water quality (7), waste diversion (1), consenting and code of compliance (3), food registrations (1), alcohol licences (1), noise control (1) and public toilets (1); consequences of changing work and life patterns: parking occupancy (1),
- Council Controlled Organisations (CCOs) have seen a return to positive performance with the rebound in visitor and tourist numbers, for example: visitor numbers are up for Experience Wellington (40%); Cable Car (62%) and Zealandia (46%)
- Recruiting remains challenging, in particular for our contractors. For example: a 30% shortage of staff across the security industry affecting recruitment of noise control officers

Summary financial performance:

- The year to date budget is a deficit of $44.1m and the actual result is a deficit of $40.9m which is a $3.2m positive variance. The full-year forecast at Q2 shows an expected negative variance to budget of $8.0m (11%), primarily driven by lower than budgeted parking revenue
- The year to date capital (capex) spend is $169m, 14% lower than budget but 31% higher than the same period last year

3.1 Mana Whakahaere | Governance

Mana Whakahaere is responsible for seven LTP KPIs. Of these KPIs three report quarterly with the balance reporting annually.

Non-financial variance commentary

- 3 out of 3 quarterly KPIs were within 10% of their target this quarter.

Key challenges and highlights for the period

- We delivered an improved election this triennium with six different workstreams and the mahi of more than 10 per cent of Council staff involved. The outcome was 45.41% voter turnout, the largest turnout increase in any non-rural Council and the fourth highest increase in New Zealand. We organised a history-making inauguration at Pipitea Marae following the 2022 election. It was the first time the ceremony was held on a marae, with the inauguration of the first Māori mayor of Wellington, the first councillor in Te-Whanganui-a-Tara Māori ward, the first councillor from an African nation and the appointment of two mana whenua representatives from our Tākai Here partners.
- There has been an increase in streaming uptake with the most watched livestream being the Pūroro Āmua | Planning and Environment Committee meeting of 8 September 2022 – Newtown to City Cycleway Hearings – with 1,741 views.
- We published online 53 LGOIMA responses of wider public interest. Training and education have been ongoing to lift capability and awareness of LGOIMA obligation across the organisation. We are prioritising resource to lift privacy awareness in addition to work on our CCTV governance, while balancing the competing demands of LGOIMAs.

There are no LTP KPI exception reports for this period

LTP Activity area	KPI description	Target	2022/23 YTD Result		2021/22 YE Result	Comment
			This period (Q2)	Last period (Q1)		
Governance	N/A	N/A	N/A	N/A	N/A	N/A
This reporting is by exception only, and the table represents those KPIs which did not meet their target this quarter						

Total KPI RAG status (n=7)

This period		Not reported this period	Last period (quarterly reporting KPIs at year end 2021/22 financial year)*		Reported annually or not reported at year end
3	0	4	2	1	4

* Last financial year results have been provided as comparison as no quarter 1 data available

Q2 Financial variance commentary

- *Revenue*: Unfavourable YTD due to Democratic Services - election cost recharges to Greater Wellington Regional Council. Budget phasing does not match when payment is expected. Billing scheduled for Q3
- *Expenditure*: Favourable YTD due to lower-than-expected remuneration costs arising from vacancies and professional costs due to the timing of the work programmes in Māori Initiatives and Climate Change Response
- *Net OPEX*: Favourable YTD due to a continuation of the lower-than-expected remuneration costs arising from vacancies and professional costs due to the timing of the work programmes in Māori Initiatives and Climate Change Response
- *CAPEX*: Under budget due to delays in both the EV Fleet Transformation and Public EV Chargers programmes

Governance	Year to Date ($000s)			Full Year ($000s)		
	Actual	Budget	Variance	Forecast	Budget	Variance
Revenue	(239)	(378)	(139)	(683)	(755)	(73)
Expenditure	14,834	16,123	1,289	31,081	31,729	649
Net OPEX Surplus/(Deficit)	14,596	15,746	1,150	30,398	30,974	576
Net CAPEX Surplus/(Deficit)	95	975	879	1,950	1,950	0

3.2 Taiao | **Environment**

Taiao is responsible for 36 LTP KPIs. Of these KPIs 26 report quarterly with the balance reporting annually. Taiao has responsibility for Wellington Water Ltd, performance for this suite of KPIs is shown on the next page.

Non-financial variance commentary

- In total 19 of 26 KPIs met their target this quarter
- 16 of 23 Wellington Water KPIs met their target this quarter (a subset of those reported above)
- Of the 7 Wellington Water KPIs not meeting target this quarter, 6 similarly failed to meet target at years end 2021/22

Key challenges and highlights for the period

- CCO performance has rebounded with the return of visitor and tourist numbers - Zealandia visitor numbers up 46% on target YTD including a positive increase in tours with most being fully booked through January. Night tours continue to be very popular with additional guides having been trained to meet demand.
- Wellington Water continues to experience performance challenges in meeting targets for callouts for water network faults (3 KPIs) and meeting water quality targets (3 KPIs). Average drinking water consumption was approximately 6.6% greater than target. [

LTP KPI exception report (including Wellington Water)

LTP Activity area	KPI description	Target	2022/23 YTD Result		2021/22 YE Result	Comment
			This period (Q2)	Last period (Q1)		
Environment	Volume of waste diverted from landfill	10,000 tonnes	8308.80 tonnes	N/A	17,179 tonnes	Comparison with the same quarter last year shows that diversion weights are similar. However domestic general waste volumes are slightly lower this quarter than the same quarter last year. This might indicate a reduction in domestic waste overall for this period, or an increase in people seeking private collection. There was an increase in commercial general waste
Environment (WW)	Median response time for attendance for water network non-urgent call outs (hours)*	36 hours	80.5 hours	N/A	66.8 hours	WWL continues to prioritise and fix leaks by targeting high value losses rather than their age, in line with our water conservation strategy. Additionally, the number of leaks now making up the backlog of current works continues to exceed our available resources. Previous years have shown that this trend will naturally continue to grow through the summer peak months.
Environment (WW)	Average drinking water consumption per resident/day*	365litres	401litres	N/A	389.5litres	Per capita demand has continued to increase in the lead up to the summer months mainly due to increasing network leakage. The leak backlog has increased throughout Q2 and detection and repair work are progressing as quickly as possible with the available funding and resourcing.

LTP Activity area	KPI description	Target	2022/23 YTD Result		2021/22 YE Result	Comment
			This period (Q2)	Last period (Q1)		
Environment (WW)	Dry weather wastewater overflows, expressed per 1000 connections*	0	3.1	N/A	1.72	A target of zero overflows remains unattainable, especially given the poor condition of network assets
Environment (WW)	Compliance with the resource consents for discharge from the sewerage system -total number*	0	2	2	3	Q2 result is zero, however Q1 result was 2 (2 infringement notices and a formal warning) therefore cummulative result has pushed this measure to not achieved for Q2.
Environment (WW)	Median response time for wastewater overflows (attendance time minutes)*	60 minutes	149 minutes	N/A	162 minutes	The Q2 result continues to exceed target due to the increasing work volume and resource constraints. Wellington Water continues to manage this by prioritising the highest risks and the available resources accordingly, which has an impact on the response times.
Environment (WW)	Median response time for wastewater overflows (resolution time hours)*	6 hours	17 hours	N/A	20.5 hours	The Q2 result continues to exceed target due to the increasing work volume and resource constraints. Wellington Water continues to manage this by prioritising the highest risks and the available resources accordingly, which has an impact on the response times.
Environment (WW)	Monitored sites (%) that have a rolling 12 month median value for E.coli (dry weather samples) that do not exceed 1000 cfu/100ml	90%	78%	N/A	79%	The Human Health Mitigation project is underway and targeting environmental health improvements at catchments across Wellington City Council. However not all monitored sites are targeted.
This reporting is by exception only, and the table represents those KPIs which did not meet their target this quarter						

* Denotes DIA statutory measure

Total KPI status (including Wellington Water) (n=36)

This period		Not reported this period	Last period (quarterly reporting KPIs at year end 2021/22 financial year)*		Reported annually or not reported at year end
18	8	10	13	13	10

* Last financial year results have been provided as comparison as no quarter 1 data available

Q2 Financial variance commentary

- *Revenue*: Favourable YTD due to higher volumes of contaminated waste received at the landfill. Remainder of the year is forecasted to track close to budget
- *Expenditure*: Unfavourable YTD due to Landfill Cost of Goods Sold, however in line with higher revenue. 3 Waters in line with forecasted full year overspend in leak repairs
- *Net OPEX*: Favourable revenue due to higher volumes of contaminated waste received at the landfill is partially offset by Cost of Goods Sold and 3 Waters overspend in leak repairs forecasted for full year
- *CAPEX*: Sludge Minimisation Project behind schedule. Spend expected to ramp up from February, full year spend forecasted in line with budget.

Environment	Year to Date ($000s)			Full Year ($000s)		
	Actual	Budget	Variance	Forecast	Budget	Variance
Revenue	(18,227)	(15,618)	2,608	(34,095)	(31,872)	2,222
Expenditure	139,639	138,090	(1,549)	275,482	276,610	1,128
Net OPEX Surplus/(Deficit)	121,412	122,472	1,059	241,387	244,737	3,350
Net CAPEX Surplus/(Deficit)	47,092	59,865	12,773	139,046	139,046	0

3.2.1 Summary of Wellington Water's performance Quarter 2

Wellington Water Ltd is responsible for 25 LTP KPIs. Of these KPIs 23 report quarterly with the balance reporting annually.

Total KPI Status for Wellington Water (only) (n=25)

This period		Not reported this period	Last period (quarterly reporting KPIs at year end 2021/22 financial year)*		Reported annually or not reported at year end
16	7	2	12	11	2

* Last financial year results have been provided as comparison as no quarter 1 data available

3.3 Whanaketanga ōhanga | Economic Development

Whanaketanga ōhanga is responsible for nine LTP KPIs. Of these KPIs six report quarterly with the balance reporting annually.

Non-financial variance commentary

- 6 of 6 KPIs met their target this period

Key challenges and highlights for the period

- The return of visitors and tourists has had a positive impact with WREDA meeting all its performance targets this period. Other highlights included the release of a Wellington regional screen showreel illustrating the region's high standard of film production, and the delivery of a significant promotion of Wellington ahead of the summer headlined by the '*A little bit of Wellington*' campaign.
- In addition, other site attractions exceeded their targets – Karori Sanctuary Trust (Zealandia) welcomed more than 38,000 visitors in Q2, Experience Wellington had 146,892 visitors across its sites, Wellington Cable Car had 246,515 passengers, and the Basin Reserve Trust hosted a sold-out Beers at the Basin festival.

For more information on the Council controlled organizations update, can be found on page 10.

There are no LTP KPI exception reports for this period

LTP Activity area	KPI description	Target	2022/23 YTD Result		2021/22 YE Result	Comment
			This period (Q2)	Last period (Q1)		
Economic Development	N/A	N/A	N/A	N/A	N/A	N/A
This reporting is by exception only, and the table represents those KPIs which did not meet their target this quarter						

Total KPI status (n=9)

This period		Not reported this period	Last period (quarterly reporting KPIs at year end 2021/22 financial year)*		Reported annually or not reported at year end
6	0	3	4	3	2

* Last financial year results have been provided as comparison as no quarter 1 data available

Q2 Financial variance commentary

- *Revenue*: Favourable YTD due to increased revenue across Wellington Venues, forecasted to drop back to budget for second half of year
- *Expenditure*: Unfavourable YTD due to higher Cost of Goods sold and service costs as a result of increased revenues from Wellington Venues. Tākina internal rates charges higher than expected and budgeted for. Experience Wellington forecasted overspend due to severe impact of Te Ngākau construction getting underway
- *Net OPEX*: Favourable revenue across Wellington Venues, forecasted to drop back to budget for second half of year, offset by forecasted unfavourable higher Cost of Goods Sold and Services in line with increased Wellington Venues revenues, and forecasted Experience Wellington overspend
- *CAPEX*: Property general renewals slightly behind budget, forecasted to catch up. CCO Venues operational assets budget behind budget

Economic Development	Year to Date ($000s)			Full Year ($000s)		
	Actual	Budget	Variance	Forecast	Budget	Variance
Revenue	(10,066)	(5,330)	4,735	(13,380)	(10,661)	2,719
Expenditure	22,789	18,846	(3,943)	41,846	37,712	(4,133)
Net OPEX Surplus/(Deficit)	12,723	13,516	792	28,466	27,052	(1,414)
Net CAPEX Surplus/(Deficit)	941	2,105	1,164	4,253	4,253	0

3.4 Oranga ahurea| Cultural Wellbeing

Oranga ahurea is responsible for three LTP KPIs. Of these KPIs one reports quarterly with the balance reporting annually.

Non-financial variance commentary

- KPI result is 56% up on target

Key challenges and highlights for the period

- Visitor numbers across all Experience Wellington sites combined for the period exceeded the quarterly target with 146,892 visits which is 56% up on the target of 93,600. While visitor numbers have rebounded in the recent quarter, a constrained revenue generation environment alongside challenges fundraising, and a failure for revenue to keep up with expenditure over many years prior to the pandemic and COVID-19 has resulted in material financial challenges for Experience Wellington. The significance of the financial challenge and the proposed way forward is outlined in more detail in the covering paper to this quarterly report.
- In September a new festival, Te Hui Ahūrei Reo Māori o Te Whanganui-a-Tara, the Māori Language Festival of Wellington, celebrated the 50th anniversary of the Māori language petition being delivered to Parliament in September 1972. It featured te reo Māori focused arts and events, including a screening of the te reo Māori version of Disney's The Lion King, and a special Storytime reading of children's books in Te Reo Māori accompanied by the New Zealand Symphony Orchestra.
- In November, we launched Make Visible: Te Whanga-nui-a-Tara, a project with Shannon Novak to support LGBTQI+ communities in Wellington through art installations and other creative projects. Two artworks were installed - one at Turnbull House and the other at the PwC Centre. More will occur throughout the year.
- In December, we commissioned local artists Ariki Brightwell, Rongowhakaata, Raukawa, Te Arawa, Ngati Toa, to paint a mural along a retaining wall on Bowen Street. It marks the installation of the Botanic Garden ki Paekākā to city transitional cycleway. Two other murals have been commissioned but will be completed in Q3.

There are no LTP KPI exception reports for this period

LTP Activity area	KPI description	Target	2022/23 YTD Result		2021/22 YE Result	Comment
			This period (Q2)	Last period (Q1)		
Cultural Wellbeing	N/A	N/A	N/A	N/A	N/A	N/A
This reporting is by exception only, and the table represents those KPIs which did not meet their target this quarter						

Total KPI RAG status (n=3)

This period		Not reported this period	Last period (quarterly reporting KPIs at year end 2021/22 financial year)*		Reported annually or not reported at year end
1	0	2	1	0	2

* Last financial year results have been provided as comparison as no quarter 1 data available

Q2 Financial variance commentary

- *Revenue*: Unfavourable YTD due to lower external funding for City Events and revenue in Toi Poneke arts centre, with this trend continuing for the remainder of the year
- *Expenditure*: Favourable YTD due to lower spending in City Events, offset by higher costs in Toi Poneke arts centre. Spending in City Events is expected to be in-line with budget at the end of the year, however due to placement of Aho Tini budget in Social and Recreation combined with above-budget allocations, the full year is unfavourable to budget
- *Net OPEX*: Favourable YTD due to timing of City Events costs offset by corresponding low events revenue in Toi Poneke arts centre. Low revenue expected to continue for the remainder of the year while event costs will increase
- *CAPEX*: Tākina spend ahead of budget, forecast not reflecting anticipated overspend - approval will go to council before updating forecast

Cultural Wellbeing	Year to Date ($000s)			Full Year ($000s)		
	Actual	Budget	Variance	Forecast	Budget	Variance
Revenue	(279)	(491)	(212)	(545)	(981)	(436)
Expenditure	13,185	14,236	1,051	26,117	25,308	(809)
Net OPEX Surplus/(Deficit)	12,906	13,745	839	25,572	24,327	(1,245)
Net CAPEX Surplus/(Deficit)	20,243	18,271	(1,973)	27,673	27,673	0

3.5 Pāpori me te hākinakina| Social and Recreation

Pāpori me te hākinakina is responsible for 17 LTP KPIs. Of these KPIs 10 report quarterly with the balance reporting annually.

Non-financial variance commentary

- 7 of 10 KPIs met their target this quarter
- Resource constraints continue to impact service provision

Key challenges and highlights for the period

- Currently we are developing a system to accurately capture throughput of graffiti actions since moving to a proactive approach with our contractor for removal of graffiti on council properties. The new approach operates on a quick action basis - as soon as it is sighted it's removed. This is coupled with increased engagement with non-council owned building owners for a better collective approach to management of graffiti. We are also working to increase public murals and appreciation of street art as part of Wellington's unique and vibrant arts culture
- During the quarter we continued to support the hospitality industry with $1 fees for food premise inspections and $1 annual fees for alcohol licences, along with no charge for pavement permits which also has supported the development of parklets. Our 'let's clear the air Pōneke' signposts the change for outdoor dining areas to become smoke and vape free from March 2023. We launched our Yellow Ribbon campaign encouraging owners to use a yellow ribbon to give their dog social space and flag to others the need for space.
- We moved to fines-free for our public libraries from 1 July 2022 including waiving historical overdue debt. We set up the Kaitiaki Pukapuka Māori Rōpū, and the NZ Libraries Partnership programme Kaitohutohu position to support Kaimahi personal development in Te Ao Māori and Tikanga. Three new programmes were launched (Tinkertime for under-fives; Librarian Unplugged; and the Book Club kete), the Summer Reading Programme was extended and Waitohi Hub celebrated its 3-year anniversary.

LTP KPI exception report

LTP Activity area	KPI description	Target	2022/23 YTD Result		2021/22 YE Result	Comment
			This period (Q2)	Last period (Q1)		
Social and Recreation	Food registrations - premises (%) inspected within Food Act regulation required timeframes (new business and existing businesses)	100%	39%	N/A	39%	The impact of staff shortages and subsequent training of new staff has added to the backlog created last financial year from COVID-19. We expect to see a reduction in the backlog next reporting period
Social and Recreation	Alcohol Licences - premises inspected within target timeframes (%)	100%	11%	N/A	29%	21 high risk premises were inspected at peak time during November and December 2022. There are no very high-risk premises registered in Wellington, therefore no inspections required in this category
Social and Recreation	Public toilets - response timeframes (%) met	95%	65%	N/A	71%	Contractor challenges due to resource availability is continuing to impact performance
This reporting is by exception only, and the table represents those KPIs which did not meet their target this quarter						

Total KPI RAG status (n=17)

This period		Not reported this period	Last period (quarterly reporting KPIs at year end 2021/22 financial year)*		Reported annually or not reported at year end
7	3	7	6	4	7

* Last financial year results have been provided as comparison as no quarter 1 data available

Q2 Financial variance commentary

- *Revenue*: Favourable YTD due to Public Health revenues being ahead of plan (Liquor licensing and dog registrations), with the full year result showing an unfavourable offset due to lower revenue in Community Recreation Centres
- *Expenditure*: Unfavourable YTD due to higher maintenance costs for public toilets, electricity costs in Swimming Pool Operations and Personnel costs, partially offset by favourable Allocations and Depreciation. The full year forecast expects the high costs to continue, and also includes the Aho Tini budget which belongs in Cultural Wellbeing
- *Net OPEX*: Favourable YTD due to Public Health revenues being ahead of plan (Liquor licensing and dog registrations) with cost pressures from electricity and personnel expected to create an unfavourable variance at year end
- *CAPEX*: Timing in delivery of City Housing upgrade programme, Community Centres, Aquatic renewals (primarily WRAC) and Sports field upgrades which are all underway and expect to deliver on budget by this year

Social and Recreation	Year to Date ($000s)			Full Year ($000s)		
	Actual	Budget	Variance	Forecast	Budget	Variance
Revenue	(22,264)	(21,740)	524	(44,734)	(44,591)	143
Expenditure	79,829	79,554	(275)	155,422	153,958	(1,464)
Net OPEX Surplus/(Deficit)	57,565	57,814	249	110,688	109,367	(1,321)
Net CAPEX Surplus/(Deficit)	18,177	23,326	5,148	43,640	43,640	0

3.6 Tāone tupu ora| Urban Development

Tāone tupu ora is responsible for 11 LTP KPIs. Of these KPIs eight report quarterly with the balance reporting annually.

Non-financial variance commentary

- 4 of 8 KPIs met target this quarter

Key challenges and highlights for the period

- The building control function is grappling with timeliness challenges due both to the addition of a significant number of new processing officers and national level constraints on the availability of engineers to review geotechnical and structural aspects of consent applications. The new officers are being upskilled as quickly as possible, in addition the team have onboarded an in-house engineer and is seeking to recruit a second in-house engineer. These efforts will deliver improvements to timeliness but will take the next two quarters before results become apparent in the quarterly KPIs.

LTP KPI exception report

LTP Activity area	KPI description	Target	2022/23 YTD Result		2021/22 YE Result	Comment
			This period (Q2)	Last period (Q1)		
Urban Development	Building consents (%) issued within 20 workings days	100%	52%	N/A	75%	Staffing challenges (staff exiting and long service leave) have added to ongoing capacity issues of structural engineering firms to review building consents. All conspire to impact consent processing timelines. A suite of interventions is underway including addition of in-house engineers, contracting of a 3rd party provider to increase processing capacity, reciprocal arrangements for processing with other building control authorities. We are expecting a return to historical averages by years end
Urban Development	Code of compliance certificates (%) issued within 20 working days	100%	87%	N/A	75%	Reduction in performance is primarily due to temporary reduced staffing capacity. We expect a return to historical averages by end of quarter 3
Urban Development	Resource consents (non-notified) (%) issued within statutory time frames	100%	62%	N/A	75%	Increase in backlogs have arisen due to delays in advice received from technical advisors and COVID-19 impacting resourcing
Urban Development	Noise control (excessive noise) complaints (%) investigated within 1 hour	90%	71%	N/A	92%	A combination of software issues experienced by our contractor and resourcing issues have impacted performance. Despite active recruitment there is still a 30% shortage of staff across the security industry affecting recruitment of noise control officers
This reporting is by exception only, and the table represents those KPIs which did not meet their target this quarter						

Total KPI status (n=11)

This period		Not reported this period	Last period (quarterly reporting KPIs at year end 2021/22 financial year)		Reported annually or not reported at year end
4	4	3	4	4	3

* Last financial year results have been provided as comparison as no quarter 1 data available

Q2 Financial variance commentary

- *Revenue*: Unfavourable YTD due to a delay in the building pipeline and seasonal tenant demand in the Te Kainga programme. Lower income levels too in the Building and Resource Consent areas where application volumes are down 26% and 27% respectively on last year.
- *Expenditure:* Favourable YTD due to timing around the District Plan hearing costs (commencing in February) and delays on the Te Ngākau MOB/CAB demolition and Earthquake Building Risk projects. There is also an underspend on the Housing Investment Programme (rent) which is expected to continue for the remainder of the year
- *Net OPEX:* Favorable YTD due to timing around the cost of District Plan hearings (commencing in February) and delays on the Te Ngākau (MOB/CAB Demolition) and Earthquake Building Risk projects. Another factor is that delays in the Housing Investment programme have caused reduced rent costs. Those delays have also impacted revenues in that area. Revenues in both Building and Resource consents are also lower than planned due to lower application volumes
- *CAPEX*: Under budget due to delays in the Waterfront area (FKP Playground regarding new contractor and some renewals projects), the Housing Investment programme (Harrison Street) and Earthquake Risk Mitigation work relating to the Town Hall project

Urban Development	Year to Date ($000s)			Full Year ($000s)		
	Actual	Budget	Variance	Forecast	Budget	Variance
Revenue	(10,130)	(11,775)	(1,646)	(20,801)	(23,976)	(3,175)
Expenditure	24,273	29,005	4,733	54,467	58,666	4,199
Net OPEX Surplus/(Deficit)	14,143	17,230	3,087	33,666	34,690	1,024
Net CAPEX Surplus/(Deficit)	24,663	29,986	5,323	50,815	50,815	0

3.7 Waka| Transport

Waka is responsible for 12 LTP KPIs. Of these KPIs three report quarterly with the balance reporting annually.

Non-financial variance commentary

- 2 of 3 KPIs met their target this quarter. Parking KPI has made a slight gain in performance (1%) over end of year result

Key challenges and highlights for the period

- The Cable Car Company (CCO) exceeded both its passenger and fare revenue KPIs this quarter (62% and 71% respectively) on the back of visitor resurgence to the Capital
- Peak Parking occupancy rates have not recovered to levels achieved prior to the COVID pandemic. Although there was an expectation that utilisation of on-street parks would rebound, this has not occurred as quickly as originally planned for when the current Annual Plan was finalised. There could be several reasons for this including the ongoing trend of more people working from home more often than was the case prior to the pandemic. Occupancy remains in the range between 50 – 54%. We are working to replace existing parking technology which is coming to the end of its useful life. Once in place the new technology will provide an enhanced experience for customers and ensure that the parking activity continues to support the city and surrounding suburbs as the city evolves to reduce reliance on private vehicles in favour of other transport options and how streets will support a more liveable city in the future.
- August Storm - A very wet winter resulted in substantial challenges, including a large number of slips with tons of material to be removed. A number of the slips are on a program to be addressed in the next year or two. The extent of the rainfall and damage caused to the network from the storm has put pressure on our internal and external resources with the workload substantially increasing and having a flow on effect to our work programme.
- The resource consent for the operation of the Kiwi Point Quarry southern face was attained with capacity to supply 200,000 tonnes of aggregate annually to the Wellington region. New initiatives have potential to supply an additional 100,000 tonnes of recycled concrete products. This highly valued resource is likely to become accessible to the region by 2025. The quarry will also accept a limited type of clean fill thereby providing relief for the region and alleviating the pressure on landfills.
- A tender for a panel of contractors is currently being let on GETS for the delivery of capital transport projects (value of $30m over three years). This panel contract has a strong focus on smaller contractors, in particular local Māori, and Pasifika contractors, as we seek to establish and build strong relationships with committed contractors that have the experience and capabilities to consistently deliver services on time, achieve value for money, quality and provide reliable productivity – and contribute significantly to the local economy through positive local impact

LTP KPI exception report:

LTP Activity area	KPI description	Target	2022/23 YTD Result		2021/22 YE Result	Comment
			This period (Q2)	Last period (Q1)		
Transport	City parking peak occupancy (% utilisation)	70-80%	54%	N/A	53%	The city is experiencing change in parking demand which is ongoing with more people working from home on a regular basis. Occupancy has remained consistent with that occurring in the previous quarter including through the Christmas season. There has been a slight gain (1%) over performance at end of the last financial year
This reporting is by exception only, and the table represents those KPIs which did not meet their target this quarter						

Total KPI RAG status (n=12)

This period		Not reported this period	Last period (quarterly reporting KPIs at year end 2021/22 financial year)		Reported annually or not reported at year end
2	1	9	1	2	9

* Last financial year results have been provided as comparison as no quarter 1 data available

Q2 Financial variance commentary

- *Revenue:* Unfavourable YTD due to low revenue across metering as a result of reduced occupancy of on-street car parks, and in fines due to delayed static camera installation, with the trend expected to continue for the remainder of the year
- *Expenditure:* Unfavourable YTD due to City Transport & Infrastructure spend on slips remediation and higher than budgeted depreciation, with favourable LGWM spend as a result of slower than anticipated start of projects and parking enforcement costs as a result of a high number of staff vacancies, with recruitment progressing to fill these roles
- *Net OPEX:* Unfavourable YTD due to low revenue across metering as a result of reduced occupancy of on-street car parks, and in fines due to delayed static camera installation. City Transport & Infrastructure unfavourable spend on slips remediation, with favourable LGWM spend due to slower than anticipated start of projects, expected to ramp up from Q3
- *CAPEX:* Under budget due to timing on the Cycling programme and Transport BU projects, partially offset by overspend in LGWM early delivery projects. Parking is underspent YTD due to a mismatch between budget phasing and spend, with a significant parking upgrade planned for Q4

Transport	Year to Date ($000s)			Full Year ($000s)		
	Actual	Budget	Variance	Forecast	Budget	Variance
Revenue	(20,950)	(25,340)	(4,390)	(44,209)	(51,134)	(6,925)
Expenditure	61,378	57,082	(4,296)	118,309	113,425	(4,884)
Net OPEX Surplus/(Deficit)	40,428	31,742	(8,686)	74,101	62,292	(11,809)
Net CAPEX Surplus/(Deficit)	36,083	37,513	1,430	94,613	94,613	0

4. Strategic activity financial performance including Treasury report

This section of the quarterly report provides a year to date view of the strategic financial performance position as well as the Treasury report.

- The overall deficit for the year to date is $40.9m, a positive variance to budget of $3.2m (7%).
- The Council is forecasting a total deficit of $83.4m versus a budget of $75.4m, a $8.0m (11%) adverse variance, with significant variances including a reduction in parking revenue of $7m combined with an expected overspend in areas such as 3 Waters and slip remediation
- Treasury report details Councils year to date compliance against all risks for interest rate, funding and liquidity, plus investments and counterparty credit limits. Compliance is projected to be achieved over all measures for the final 2 quarters of the year.

4.1 Strategic activity financial performance

Consolidated Performance 1 July 2022 - 31 December 2022

	Year To Date			Full Year		
	Actual $000's	Budget $000's	Var $000's	Forecast $000's	Budget $000's	Var $000's
Rates & Levies Revenue	214,776	213,177	1,599	428,444	426,353	2,091
Revenue from Operating Activities	83,637	82,496	1,142	161,950	167,489	(5,539)
Investment Revenue	6,168	6,147	21	11,968	12,294	(326)
Finance Revenue	2,958	7	2,951	2,352	13	2,339
Other Revenue	19,056	19,831	(775)	41,064	41,269	(205)
Developmnt Contribution Revenue	3,251	1,750	1,501	5,034	3,500	1,534
Total Income	***329,846***	***323,407***	***6,440***	***650,811***	***650,918***	***(107)***
Personnel	81,189	81,353	(163)	163,655	161,219	2,436
Contracts, Services, Materials	122,800	121,029	1,771	235,314	236,426	(1,112)
Professional Costs	7,921	9,973	(2,052)	20,240	19,832	409
General Expenses	47,054	46,192	861	96,890	93,686	3,204
Depreciation and amortisation	95,429	95,177	252	187,477	187,605	(128)
Interest Expense	22,365	20,687	1,678	43,962	41,375	2,587
Internal Recharge and Recoveries	(5,965)	(6,820)	855	(13,372)	(13,832)	460
Total Expenditure	***370,793***	***367,592***	***3,201***	***734,166***	***726,310***	***7,856***
COUNCIL NET SURPLUS/(DEFICIT)	***(40,947)***	***(44,185)***	***3,238***	***(83,355)***	***(75,392)***	***(7,963)***

Year to date commentary

The overall deficit for the year-to-date is $40.9m which is a positive variance to budget of $3.2m (7%). Total income is $6.4m higher than budget, mainly as a result of higher-than-expected revenue in venues, unbudgeted interest income and higher than budgeted development contributions. This benefit is being partially offset by an overspend in controllable expenses of $0.6m (1%) and interest expense of $1.7m (8%).

The context for significant deficit variances at the various cost / income categories is:

- Rates and Levies are $1.6m favourable (1%) due to increased water rates revenue as a result of increased usage from a large rate-payer;
- Revenue from Operating Activities is $1.4m (1%) favourable which is due to favourable variances in Waste Operations $2.8m due to higher waste volumes at the landfill in addition to higher revenues at Wellington Venues. These are offset to some extent by lower revenues in Parking of $4.0m;
- Other Revenue is $0.7m (4%) unfavourable due to NZTA Capital roading subsidies related to the cycling programme being behind schedule, with a partial offset in NZTA Operating subsidies and to some extent by favourable balances on Government grants;
- Development Contributions are favourable by $1.5m (86%), due to $0.7m of increased roading and $0.6m water contributions;
- Contracts, Services and Materials are $1.8m (1%) unfavourable. Significant overspends include; Strategy and Governance $3.8m due to Venues Cost of Goods Sold in line with increased revenue, Infrastructure and Delivery $2.6m related to Transport projects and slips, with a partial offset due to underspends in Planning and Environment $1.5m related to LGWM and Customer and Community $3.1 m across Creative Capital events and Parks, Sport and Recreation;
- Professional Costs are $2.1m (21%) favourable with a majority of this underspend ($1.9m) related to consulting and advice in Planning and Environment, made up of District Planning ($1m), Climate Change ($0.6m) and City Design ($0.3m);
- General Expenses are $0.9m (2%) unfavourable, with an unbudgeted increase of $1.1m in electricity and External IT services overspending of $0.4m being offset by favourable Rent expense (mostly in the Te Kainga project) of $0.6m; and
- Interest Expense is $1.7m (8%) unfavourable however when Interest revenue is also considered, the net position is $1.3m (6%) favourable to budget

Forecast (Full Year) commentary

Council is forecasting a full-year total deficit of $83.4m versus a budget of $75.4m, a $8.0m (11%) adverse variance, with significant variances including a reduction in parking revenue of $7.0m combined with an expected overspend in areas such as 3 Waters and slip remediation.

- Rates and Levies are $2.1m favourable due to the expectation the increased water rates revenue from a large rate-payer will continue for the remainder of the year
- Revenue from Operating Activities is $5.5m (3%) unfavourable and is largely due to projected losses in Parking $7.0m, Housing Development $2.0m, Building Consents $0.6m and Resource Consents $0.4m. Venues are expected to continue the trend of increased revenue however, forecasting to be $2.9m favourable at year end
- Personnel $2.4m (2%) unfavourable due to increased Contractor spending for Infrastructure and Delivery of $1.4m (Strategic Asset Management $0.6m, Resilience and Sustainability $0.5m - which will be funded from waste operations revenue surpluses and City Transport $0.3m) and increased Salaries and Wages in Parks, Sport and Recreation of $1.2m. City Design and Smart Council are under budget by $0.7m and $0.4m respectively across Contractors and Wages
- Contracts, Services and Materials is $1.1m favourable, with forecasted underspends in LGWM of $5.0m and Takina of $1.9m, however this is offset by projected overspends in Venues of $2.5m (costs associated with increased revenues), and other overspends in Infrastructure and Delivery - 3 Waters $2.3m, Transport $1.4m and Waste Operations $1.4m
- General Expenses over budget $3.2m due to utility costs unfavourable by $2.1m (rent and electricity), insurance $1.0m, furniture and equipment maintenance $0.6m. Offsetting this to some degree, security costs are expected to be under budget by $0.8m
- Interest expense is forecast to be unfavourable by $2.6m (6%) however when considering interest revenue the net position is $0.2m over budget.

Summary of financial performance by Strategic Activity Area

Financial performance by individual strategic activity areas including financial commentaries are outlined in Section 3

Total All Strategic Activity Areas – Quarter 2 Budget Performance ($000s)

	Year to Date ($000s)			Full Year ($000s)		
	Actual	Budget	Variance	Forecast	Budget	Variance
Revenue	(329,846)	(323,407)	6,440	(650,811)	(650,918)	(107)
Expenditure	370,793	367,592	(3,201)	734,167	726,310	(7,856)
Net Operating Expenditure	40,947	44,185	3,238	83,355	75,392	(7,963)
Net Capital Expenditure	169,020	196,724	27,704	424,811	428,811	0

Summary of financial performance by Strategic Activity area		Year to Date ($000s)			Full Year ($000s)		
		Actual	Budget	Variance	Forecast	Budget	Variance
Governance	Revenue	(239)	(378)	(139)	(683)	(755)	(73)
	Expenditure	14,834	16,123	1,289	31,081	31,729	649
	Net Surplus/(Deficit)	14,596	15,746	1,150	30,398	30,974	576
Environment	Revenue	(18,227)	(15,618)	2,608	(34,095)	(31,872)	2,222
	Expenditure	139,639	138,090	(1,549)	275,482	276,610	1,128
	Net Surplus/(Deficit)	121,412	122,472	1,059	241,387	244,737	3,350

Summary of financial performance by Strategic Activity area (contd)		Year to Date ($000s)			Full Year ($000s)		
		Actual	Budget	Variance	Forecast	Budget	Variance
Economic Development	Revenue	(10,066)	(5,330)	4,735	(13,380)	(10,661)	2,719
	Expenditure	22,789	18,846	(3,943)	41,846	37,712	(4,133)
	Net Surplus/(Deficit)	12,723	13,516	792	28,466	27,052	(1,414)
Cultural Wellbeing	Revenue	(279)	(491)	(212)	(545)	(981)	(436)
	Expenditure	13,185	14,236	1,051	26,117	25,308	(809)
	Net Surplus/(Deficit)	12,906	13,745	839	25,572	24,327	(1,245)
Social and Recreation	Revenue	(22,264)	(21,740)	524	(44,734)	(44,591)	143
	Expenditure	79,829	79,554	(275)	155,422	153,958	(1,464)
	Net Surplus/(Deficit)	57,565	57,814	249	110,688	109,367	(1,321)
Urban Development	Revenue	(10,130)	(11,775)	(1,646)	(20,801)	(23,976)	(3,175)
	Expenditure	24,273	29,005	4,733	54,466	58,666	4,199
	Net Surplus/(Deficit)	14,143	17,230	3,087	33,666	34,690	1,024
Transport	Revenue	(20,950)	(25,340)	(4,390)	(44,209)	(51,134)	(6,925)
	Expenditure	61,378	57,082	(4,296)	118,309	113,425	(4,884)
	Net Surplus/(Deficit)	40,428	31,742	(8,686)	74,101	62,292	(11,809)

4.2 Treasury report

Interest rate risk

Last month ✓ Next month

$603,000,000
Total fixed rate instruments

3.15%
Current WA fixed rate

Funding risk

Last month ✓ Next month

$1,125,000,000
Gross debt less prefunding

$1,043,313,066
Net debt

$142,000,000
Undrawn and unlinked bank facilities

Liquidity risk

Last month ✓ Next month

116%
Liquidity ratio (liquid deposits)

115%
Liquidity ratio policy

Investments

Last month ✓ Next month

$181,686,934
Total deposits

$100,000,000
Linked deposits

$41,686,934
Unlinked, liquid assets (including cash)

Counterparty credit limits

Counterparty	Compliant?
ANZ	✓
BNZ	✓
Kiwibank	✓
Westpac	✓

Orange tick box refers to current period.

Commentary:

- In the current year the Council has entered into one issuance of Green Bonds with the Local Government Funding Authority to the value of $20million in December 2022. These bonds are specifically to fund the capital requirements of Tākina.
- While the capital revenue to offset debt from the NZTA subsidy is currently under budget – this reflects that the capital spend on qualifying projects will also be marginally behind on budget thus no effect on net council debt.

5. Community Wellbeing outcomes

Council actively monitors our progress towards the community wellbeing outcomes across a range of indicators. Typically, trends emerge over a 3 – 5year period and there may not be a direct one-to-one relationship between monitored indicators and wellbeing outcomes however the information provided helps us understand how the city is changing and informs future investment in developing the city and the Council's services to the community. Because trends are typically over a longer period, changes are unlikely within the timeframe of this report. Therefore, reporting will show performance as at the last period it was updated, in this context the table below provides a summary of indicator performance as at June 2022.

	Summary of outcome performance	Some city emerging trends
Environmental wellbeing	Our environmental community outcomes were somewhat successful with three out of seven indicators showing trends in the desired direction. Two indicators had a negative trend and two were neutral.	steady increase in capacity of solar as a renewable energy source perception of air pollution "is a problem" improvement in waste to landfill per person perception of water pollution "is a problem" increase in access to green space
Social wellbeing	While there have been some unfavourable trends emerging in the Social wellbeing area, of the eight outcomes monitored, four trends are neutral or steady with the overall quality of life perception consistently high at average of 89%.	housing becoming more unaffordable lower confidence in Council's decision making dropping sense of community (pre COVID-19) quality of life measure remains high
Cultural wellbeing	The long tail of COVID-19 had an ongoing impact on our Cultural wellbeing, driven by uncertainty about how and when our community would engage with events. Although most indicators in this area have not shown progress in desired direction, a new indicator show Wellington's acceptance of diversity is the highest of all the cities monitored.	slow decline in perception of our rich and diverse arts scene acceptance and value of identity highest monitored slump in resident's sense of pride in the area and perception of city drop in perception of contribution of heritage items to city and community's unique character
Economic wellbeing	This is the largest wellbeing area with sixteen outcomes. Although there are some positive trends, most indicators in this area showed a level of uncertainty. We will continue to monitor the trends closely as the city goes through this period of transition out of pandemic restriction and impacts.	drop in the city's economic diversity long term growth in GDP per capita increase in household incomes uplift in number of houses constructed less feel it's easy to access the city drop in perception of public transport: ease of access, affordability (prior to 50% fare reduction) and reliability gradual lift in active modes and public transport improvement in number of road crashes