

Annual Plan 2010/11 – Proposed

Have your say

on the next year
for the Wellington region

(Submission period 23 March – 23 April 2010)

Draft

Contents

Introduction
Message from the Chair
Community outcomes for the Wellington region
Revenue and expenditure
Rates and levies

Greater Wellington's activities:

Resource Management
Transport
Water Supply
Parks and Forests
Safety and Flood protection
Land Management
Regional Sustainable Development
Community
Investments

Financial Information:

Assumptions
Accounting policies
Total council financial statements
Funding impact statement

Statement of Proposal – a separate legal entity for Creative HQ
Your Regional Councillors

Introduction

Welcome to the Greater Wellington Regional Council's *Annual Plan 2010/11 – Proposed*.

You will find information about Greater Wellington's key projects for the 2010/11 financial year, which will contribute to the Wellington region's community outcomes.

The Annual Plan is a requirement of the *Local Government Act 2002*.

How can I have my say and make a submission?

- Make an online submission www.gw.govt.nz/have-your-say
- Email us info@gw.govt.nz
- Phone us 0800 496 734

When can I make a submission?

You have one month to make your submissions

23 March to 23 April 2010

- Public meetings will be held (details advertised in newspapers and on our website)

Your submissions heard by Greater Wellington

12 May to 14 May 2010

- Submissions can be made in person during this time (details advertised in newspapers and on our website)

Where can I get more information?

- Attend a public meeting Details to be advertised in newspapers and on our website
- Contact your local Regional Councillor See px for details
- Visit our Wellington office 142 Wakefield Street, Wellington
- Visit our Masterton office 34 Chapel Street, Masterton

Message from the Chair

Over the two decades of their existence, regional councils around New Zealand have evolved slightly differently. However, we share a common objective of creating sustainable growth in our regional communities through the provision of public goods that are best delivered regionally.

The Greater Wellington Regional Council now has a wide range of accountabilities, including environmental, social and economic development, and changes to the nature of our delivery have created a need for the organisation to be better attuned to the needs of all parts of the community and have greater agility in our responses.

In particular, we want to provide sound governance of natural resources and enable sustainable economic development. With many different constituencies round the region, we know that it is impossible to please all of the people all of the time, but recently we have been putting more effort into honing our ability to be proactive in the face of diverse needs.

The coming year provides us with challenges that are similar to those being faced by many other commercial and community organisations in our region. We have growing demand for services and, in some cases, forward commitments for substantial expenditure, in an economic environment that precludes the generation of additional income to the level required. We are acutely aware that our residents need enhanced services (in some cases, such as rail improvements, “need” is an understatement) but at the same time many people are in their worst financial position for some years. Thus affordability is a major issue and we have taken it seriously in examining the programme outlined in this Annual Plan.

A year ago we believed that the overall increase required in our rates income for the forthcoming year could be as high as 11%. By taking a baseline look at all our services, we have pulled that back to 2.2%.

It is worthwhile noting that the general rate accounts for only 22.7% of our total income. The graph on px of this proposed plan shows you the whole picture.

Though we have carefully managed the budget for the forthcoming year, we know that the demands of the following year will also put considerable pressure on rates, so we will continue to look at further savings.

Though spending in many areas will not increase in the year covered by this proposed Annual Plan, we have maintained our 10-year plan to push ahead with flood control work and we also have contractual commitments to buy the Matangi trains. The first of the trains off the production line are due to arrive in Wellington later in 2010 and, after a commissioning process here, will start picking up passengers on the Hutt line before the end of the year. The majority of the infrastructure renewal programme (double tracking, power lines and depot) being undertaken by KiwiRail is due to be completed around the end of the financial year 2010/11 and we expect that all lines will have some new trains running on them by June 2011, with the Matangi gradually replacing the oldest rolling stock. As the new Matangi trains are introduced we plan to progressively refurbish the Ganz Mavag units. I know this will be a supreme relief for long-suffering Wellington commuters, who have been extremely patient with the frequent delays and breakdowns as the antiquated infrastructure is being replaced.

Another significant initiative for us this year is the start of developing a new Natural Resource Plan, providing updated rules and guidelines for the use of all natural resources. Until now we have had five plans covering different aspects of our environment, but we are now developing a single comprehensive one that will take account of the complex interrelationships between land and water. The committee overseeing this work is a partnership with regional iwi representatives. We are taking a “bottom-up” approach, starting with significant local engagement around the region to identify the key issues of concern to different groups and communities of interest. We expect the whole development process to take at least two years and there will be plenty of opportunities for people to be involved along the way.

Feeding into the development of the Regional Plan is our environmental research and monitoring. In particular, scientific data from the past few years is giving us the tools to decide on minimum flows for major rivers and sustainable yields for aquifers. These decisions are becoming important with increasing demand for water and a less predictable climate, and it is critical that our decisions are based on facts. This work will feed into the development of the Regional Plan.

In the environmental area we have a major “business as usual” commitment. This includes areas as diverse as resource consent processing, didymo surveillance, a 24-hour pollution-response service and working with community groups, schools, businesses and landowners on restoration work throughout the region. These, along with soil conservation, biodiversity, pest animal and plant control, running our outstanding regional parks and, of course, the extensive flood protection work, are all core business for Greater Wellington – delivering a public good by managing our natural capital.

Similarly, we also deliver in social and economic areas – managing the regional Civil Defence and emergency response, planning the transport network, funding public transport, providing bulk water supply for the four cities, working as the major funder of the regional stadium and funding the region’s economic development agency Grow Wellington. This work is best delivered regionally and Greater Wellington is committed to working with our local authority partners to ensure that we provide top service and good value.

In transport, while rail has grabbed the headlines, work continues on introducing real-time information for bus and train travellers, reviewing bus services and supporting the introduction of bus-priority lanes. The Government’s announcement of the Wellington part of the Roads of National Significance programme has given us certainty around the state highway network (long overdue for upgrading) and we are now able to plan more effectively. During the forthcoming year we are also proposing to undertake a review of the formula used to calculate the transport rate applied to different areas of the region.

One aspect of our transport delivery that will doubtless engender lively comment – and where we invite your input – is the public transport fare review. Greater Wellington reviews fares annually and the last increase was in September 2008. This year we are proposing a 3% increase in overall revenue, which will impact differently on different parts of the transport system. The increase is in line with our policy of maintaining the user contribution at around 45% to 50% of the cost of providing the services, with the remainder from rates and government subsidies.

Partnerships are not new to this region and, at a time when central government is contemplating the future arrangements of local government, it is pertinent to examine how we can do better. No doubt people here and throughout the country will be watching the impact of changes in the Auckland region, where the creation of one large council combining the mandates of the regional council and all the local authorities will result in one voice for a third of the country’s population.

The elected leaders of the Wellington region believe we already have a high degree of collaboration, utilising the Wellington Regional Strategy process and other joint delivery mechanisms. Nevertheless, it is prudent to search for ways to improve. The councils of the region are at present working together closely to see how we can better share service delivery in a number of areas. This work has made good progress and I am confident will result in savings for ratepayers. We are also exploring any potential changes in governance arrangements that might be more effective than the current setup. The final outcome of this will need to involve the community and hopefully we will be in a position to consult during the forthcoming year.

This proposed Annual Plan includes many elements of work with our regional partners – local authorities, community groups and business – as well as delivery for which we are solely responsible. I ask you to read it carefully and share with us your views on any of the proposals.

**Fran Wilde
Chair**

Community outcomes for the Wellington region

Healthy environment

We have clean water, fresh air and healthy soils. Well-functioning and diverse ecosystems make up an environment that can support our needs. Resources are used efficiently. There is minimal waste and pollution.

Quality lifestyle

Living in the Wellington region is enjoyable and people feel safe. A variety of lifestyles can be pursued. Our art, sport, recreation and entertainment scenes are enjoyed by all community members – and attract visitors.

Sense of place

We have a deep sense of pride in the Wellington region. We value its unique characteristics – rural, urban and harbour landscapes, climate, central location and capital city.

Prosperous community

All members of our community prosper from a strong and growing economy. A thriving business sector attracts and retains a skilled and productive workforce.

Prepared community

We can cope with emergency events. Individuals and businesses are able to take responsibility for their own wellbeing. Effective emergency management systems are in place.

Connected community

Access is quick and easy – locally, nationally and internationally. Our communication networks, air and sea ports, roads and public transport systems enable us to link well with others, both within and outside the region.

Entrepreneurial and innovative region

Innovation and new endeavours are welcomed and encouraged. Ideas are exchanged across all sectors, resulting in a creative business culture. We have excellent education and research institutions, and benefit from being the seat of government.

Essential services

High-quality and secure infrastructure and services meet our everyday needs. These are developed and maintained to support the sustainable growth of the region, now and in the future.

Healthy community

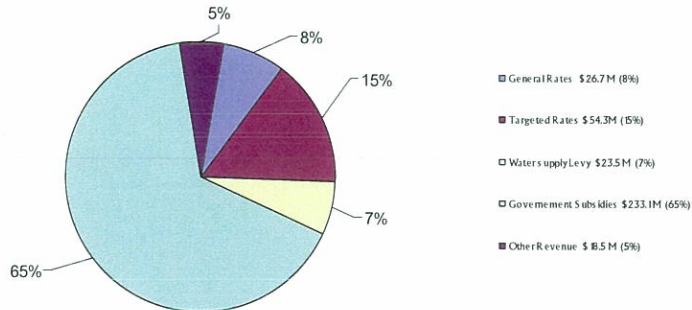
Our physical and mental health is protected. Living and working environments are safe, and everyone has access to health care. Every opportunity is taken to recognise and provide for good health.

Strong and tolerant community

People are important. All members of our community are empowered to participate in decision making and to contribute to society. We celebrate diversity and welcome newcomers, while recognising the special role of tangata whenua.

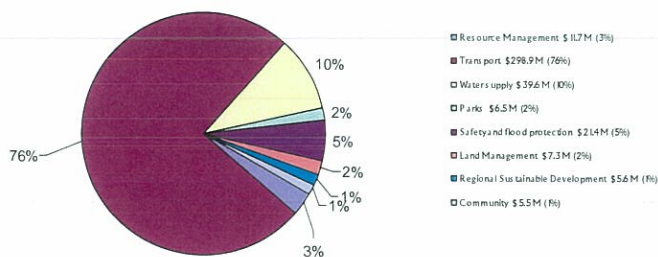
2010/11 revenue and expenditure

Greater Wellington's Revenue
2010/11 %



Greater Wellington's work programmes will be funded by a mix of rates, levies, government subsidies and other revenue. Regional rates, comprising general rates and targeted rates, make up 22% of Greater Wellington's total revenue for 2010/11. Government subsidies (primarily for funding public transport services and the extensive public transport rail network upgrade) make up a further 65% and the water supply levy (charged to the Wellington, Porirua, Hutt and Upper Hutt city councils) makes up 7%. The remaining 5% of revenue is from other external sources.

Greater Wellington's gross
expenditure 2010/11 %



Greater Wellington is planning \$29 million on capital expenditure, \$202 million on transport improvements and \$168 million in gross operating expenditure. This pie chart shows the total cost of delivering Greater Wellington's services, broken down by our groups of activities. The most significant area of our expenditure is transport, accountable for 75% of the total work programme for 2010/11.

SUMMARY OF PROPOSED RATES AND LEVIES

This table shows the proposed rates and levies for Greater Wellington in 2010/11, together with the changes from 2009/10. Rates comprise the general rate and various targeted rates. Greater Wellington also charges a water supply levy directly to the four metropolitan city councils in the region. The city councils then rate accordingly for this levy.

The increase in the transport rate for 2010/11 recognises that projected savings from lower fuel prices are offsetting the increased funding requirements for the extensive transport infrastructure upgrades that are underway.

Fluctuations in the world oil price and New Zealand exchange rate can significantly impact the amount paid by Greater Wellington for its diesel bus contracts.

The proposed total rate increase in regional rates for 2010/11 is 2.2%. The water supply levy, which is charged to the four metropolitan city councils remains at the same level as 2009/10. When the water supply levy is included, Greater Wellington's overall increase is 1.70%.

By rate and levy type:	2009/10	2010/11	Change \$000s	Change %
	Budget	Plan		
	\$000s	\$000s		
General rates				
Flood protection ¹	7,871	8,402	531	6.75%
Environment, parks and Council costs	23,643	23,857	214	0.91%
Biosecurity and land management	5,395	5,392	(3)	(0.06%)
Investment management ²	(7,852)	(7,693)	159	2.02%
Total general rates	29,057	29,958	901	3.10%
Targeted rates:				
River management rates	4,268	4,588	320	7.50%
Transport rates	45,939	46,620	681	1.48%
Stadium rates	3,010	3,010	-	-
EDA rates	5,063	5,063	-	-
Bovine Tb rates	160	160	-	-
South Wairarapa District – river rates	111	93	(18)	(16.22%)
Wairarapa scheme and stopbank rates	1,372	1,449	77	5.61%
Total targeted rates *	59,923	60,983	1,060	1.77%
Total regional rates *	88,980	90,941	1,961	2.20%
Water levy	26,392	26,392	-	-
Total rates and levies *	115,372	117,333	1,961	1.70%

* These totals exclude any "Warm Greater Wellington" targeted rates as they impact only those ratepayers that participate in the scheme.

Note:

Figures labelled "2009/10 Budget" are sourced from Greater Wellington's 2009/10 Annual Plan, and those labelled "2010/11 Plan" are those adopted for 2010/11 in this annual plan.

¹ The portion of flood protection charged as a general rate

² Contribution from Greater Wellington's investments. The decrease in the contribution is due to lower dividends received from investments

This information should be read in conjunction with the Funding Impact Statement and the *Revenue and Financing Policy*. Please note that all figures on this page include GST.

SUMMARY OF PROPOSED RATES AND LEVIES
WHAT IS THE IMPACT ON YOUR CITY OR DISTRICT?

Proposed rates increases vary between city and district councils because of differing capital values. Further, some of Greater Wellington's work programmes impact differently across the region, especially flood protection and public transport.

By area:	2009/10 Budget	2010/11 Plan	Change	Change
	\$000s	\$000s	\$000s	%
Wellington city	45,479	46,983	1,504	3.31%
Lower Hutt city	17,432	17,291	(141)	(0.81%)
Upper Hutt city	5,810	6,153	343	5.90%
Porirua city	7,123	7,350	227	3.19%
Kapiti Coast district	6,969	7,158	189	2.71%
Masterton district	2,032	2,012	(20)	(0.98%)
Carterton district	936	860	(76)	(8.12%)
South Wairarapa district	1,553	1,430	(123)	(7.92%)
Tararua district (1)	3	2	(1)	(33.33%)
District-wide rates *	87,337	89,239	1,902	2.18%
Bovine Tb Rate	160	160	-	-
South Wairarapa district – river rates	111	93	(18)	(16.22%)
Wairarapa scheme and stopbank rates	1,372	1,449	77	5.61%
Total regional rates *	88,980	90,941	1,961	2.20%
Water supply levy	26,392	26,392	-	-
Total rates and levies *	115,372	117,333	1,961	1.70%

* These totals exclude any "Warm Greater Wellington" targeted rates as they impact only those ratepayers that participate in the scheme.

Figures labelled "2009/10 Budget" are sourced from Greater Wellington's 2009/10 Annual Plan, and those labelled "2010/11 Plan" are those adopted for 2010/11 in this annual plan.

(1) 11 rural properties in the Tararua district are within the boundaries of the Greater Wellington region.

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PROPOSED RATES AND LEVIES
WHAT IS THE IMPACT ON YOUR CITY OR DISTRICT?

Changes in district-wide rates due to equalised capital value (ECV) movements and apportionment from 2009/10 to 2010/11

	ECV movements		General rate		River management rate		Transport rate		Stadium-purposes rate		EDA rate		Total district-wide rates*	
	Change	Change	Change	Change	Change	Change	Change	Change	Change	Change	Change	Change	Change	Change
	\$000s	%	\$000s	%	\$000s	%	\$000s	%	\$000s	%	\$000s	%	\$000s	%
Wellington city	206	0.45%	432	0.95%	(24)	(0.05%)	903	1.99%	-	-	(13)	(0.03%)	1,504	3.31%
Lower Hutt city	74	0.42%	159	0.92%	221	1.27%	(601)	(3.45%)	-	-	6	0.03%	(141)	(0.81%)
Upper Hutt city	38	0.65%	59	1.02%	31	0.53%	212	3.65%	-	-	3	0.05%	343	5.90%
Porirua city	39	0.55%	70	0.98%	(7)	(0.10%)	121	1.70%	-	-	4	0.06%	227	3.19%
Kapiti Coast district	(39)	(0.56%)	93	1.33%	99	1.42%	34	0.49%	-	-	2	0.03%	189	2.71%
Masterton district	(64)	(3.15%)	42	2.07%	-	-	5	0.25%	-	-	(3)	(0.15%)	(20)	(0.98%)
Carterton district	(97)	(10.36%)	17	1.81%	-	-	3	0.32%	-	-	1	0.11%	(76)	(8.12%)
South Wairarapa district	(156)	(10.05%)	29	1.87%	-	-	4	0.26%	-	-	-	-	(123)	(7.92%)
Tararua district	(1)	(33.33%)	-	-	-	-	-	-	-	-	-	-	(1)	(33.33%)
District-wide rates *	-	-	901	1.03%	320	0.37%	681	0.78%	-	-	-	-	1,902	2.18%

* District-wide rates excludes any "Warm Greater Wellington" targeted rates as they impact only those ratepayers that participate in the scheme.

This table shows that the proposed water supply levy will not increase from the 2009/10 level. The amounts charged to each of the four cities may change when the full year's water consumption results are known.

WATER SUPPLY LEVY

	2009/10	2010/11	Change	Change
	Budget	Plan		
	\$000s	\$000s		
Wellington City Council	14,187	14,241	54	0.38%
Hutt City Council	6,694	6,680	(14)	(0.21%)
Upper Hutt City Council	2,439	2,420	(19)	(0.78%)
Porirua City Council	3,072	3,051	(21)	(0.68%)
Water supply levy	26,392	26,392	-	-

Note: Rates for Greater Wellington are mostly allocated to ratepayers on the basis of their capital values. The territorial local authorities undertake valuations in different years. To ensure properties are valued on the same basis in each territorial area, Greater Wellington undertakes an equalised capital value (ECV) calculation. The movements in ECV reflect the extent to which capital values in each area have moved relative to each other.

This information should be read in conjunction with the Funding Impact Statement and the Revenue and Financing Policy. Please note that all figures on this page include GST.

PROPOSED RATES AND LEVIES
WHAT IS THE IMPACT ON YOUR CITY OR DISTRICT?

Percentage changes in each rate type which together make up the changes in district-wide rates from 2009/10 to 2010/11

	General rate			River management rate			Transport rate			Stadium-purposes rate			EDA rate		
	2009/10	2010/11	Change	2009/10	2010/11	Change	2009/10	2010/11	Change	2009/10	2010/11	Change	2009/10	2010/11	Change
	Budget	Plan		Budget	Plan		Budget	Plan		Budget	Plan		Budget	Plan	
\$000s	\$000s	%	\$000s	\$000s	%	\$000s	\$000s	%	\$000s	\$000s	%	\$000s	\$000s	%	
Wellington city	13,684	14,322	4.66%	149	125	(16.11%)	27,549	28,452	3.28%	1,788	1,788	-	2,309	2,296	(0.56%)
Lower Hutt city	5,061	5,294	4.60%	2,116	2,337	10.44%	8,684	8,083	(6.92%)	588	588	-	983	989	0.61%
Upper Hutt city	1,836	1,933	5.28%	625	656	4.96%	2,827	3,039	7.50%	158	158	-	364	367	0.82%
Porirua city	2,212	2,321	4.93%	94	87	(7.45%)	4,214	4,355	2.87%	216	216	-	387	391	1.03%
Kapiti Coast district	3,032	3,086	1.78%	1,263	1,362	7.84%	2,010	2,044	1.69%	146	146	-	518	520	0.39%
Masterton district	1,462	1,440	(1.50%)	0	0	-	244	249	2.05%	60	60	-	266	263	(1.13%)
Carterton district	661	581	(12.10%)	21	21	-	138	141	2.17%	21	21	-	95	96	1.05%
South Wairarapa district	1,106	979	(11.48%)	0	0	-	273	277	1.47%	33	33	-	141	141	-
Tararua district	3	2	(33.33%)	0	0	-	0	0	-	0	0	-	0	0	-
District-wide rates *	29,057	29,958	3.10%	4,268	4,588	7.50%	45,939	46,620	1.48%	3,010	3,010	-	5,063	5,063	-

Rates increases vary between city and district councils because of differing capital values. In addition, some of Greater Wellington's work programmes impact differently across the region, especially flood protection and public transport

	Total district-wide rates*		
	2009/10	2010/11	Change
	Budget	Plan	
	\$000s	\$000s	%
Wellington city	45,479	46,983	3.31%
Lower Hutt city	17,432	17,291	(0.81%)
Upper Hutt city	5,810	6,153	5.90%
Porirua city	7,123	7,350	3.19%
Kapiti Coast district	6,969	7,158	2.71%
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Tararua district	3	2	(33.33%)
District-wide rates *	87,337	89,239	2.18%

* District-wide rates excludes any "Warm Greater Wellington" targeted rates as they impact only those ratepayers that participate in the scheme.

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PROPOSED RATES AND LEVIES
WHAT IS THE IMPACT ON YOUR CITY OR DISTRICT?

2010/11 Proposed residential rates by rate type and average residential property

	General rate per \$100,000 of capital value		River management rate per \$100,000 of capital value		Transport rate per \$100,000 of capital value		Stadium-purposes rate per \$100,000 of capital value		Total residential rates per \$100,000 of capital value excluding EDA rate	
	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11
Wellington city	\$29.39	\$32.22	\$0.32	\$0.28	\$28.65	\$30.24	\$3.33	\$3.46	\$61.69	\$66.20
Lower Hutt city	\$28.33	\$29.61	\$11.85	\$13.07	\$49.15	\$45.71	\$3.11	\$3.11	\$92.44	\$91.50
Upper Hutt city	\$28.56	\$29.93	\$9.72	\$10.16	\$47.47	\$50.80	\$2.69	\$2.67	\$88.44	\$93.56
Porirua city	\$28.34	\$29.52	\$1.20	\$1.10	\$57.12	\$58.32	\$2.85	\$2.83	\$89.51	\$91.77
Kapiti Coast district	\$29.64	\$30.01	\$12.34	\$13.24	\$22.23	\$22.52	\$1.55	\$1.54	\$65.76	\$67.31
Masterton district	\$29.92	\$29.51	\$0.00	\$0.00	\$8.00	\$8.16	\$2.00	\$2.00	\$39.92	\$39.67
Carterton district	\$36.32	\$31.12	\$1.17	\$1.14	\$15.56	\$15.47	\$2.26	\$2.18	\$55.31	\$49.91
South Wairarapa district (1)	\$36.60	\$30.89	\$0.00	\$0.00	\$19.02	\$18.20	\$2.58	\$2.37	\$58.20	\$51.46

	Total residential rates per average residential property, excluding EDA rate		EDA rate (2) per residential property		Total residential rates * per average residential property, including EDA rate	
	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11
Wellington city	\$323.78	\$334.25	\$15.75	\$15.75	\$339.53	\$350.00
Lower Hutt city	\$359.40	\$354.57	\$15.75	\$15.75	\$375.15	\$370.32
Upper Hutt city	\$300.85	\$318.78	\$15.75	\$15.75	\$316.60	\$334.53
Porirua city	\$342.93	\$352.64	\$15.75	\$15.75	\$358.68	\$368.39
Kapiti Coast district	\$242.37	\$248.57	\$15.75	\$15.75	\$258.12	\$264.32
Masterton district	\$97.25	\$96.54	\$15.75	\$15.75	\$113.00	\$112.29
Carterton district	\$125.87	\$115.96	\$15.75	\$15.75	\$141.62	\$131.71
South Wairarapa district (1)	\$147.84	\$138.79	\$15.75	\$15.75	\$163.59	\$154.54

* Total residential rates exclude any "Warm Greater Wellington" targeted rates as they impact only those ratepayers that participate in the scheme.

(1) Excludes river rates charged on Greytown and Featherston urban properties

(2) Grow-Wellington is the region's economic development agency (EDA). The EDA rate is a targeted rate allocated on a fixed amount basis for residential and rural ratepayers. It is allocated on capital value for businesses. For residential properties the fixed amount is \$15.75 and rural properties \$30.50

This information should be read in conjunction with the Funding Impact Statement and the Revenue and Financing Policy.
Please note that all figures on this page include GST.

**PROPOSED RATES AND LEVIES
RATES CALCULATOR FOR RESIDENTIAL PROPERTIES**

The table below shows how you can calculate your own residential proposed regional rates for 2010/11. For example, if you live in Porirua city and have a residential property with a capital value of \$350,000 your indicative regional rates are \$336.95

	Proposed 2010/11 rates per \$100,000 of capital value, excluding the EDA rate		Enter the capital value of your property			Proposed Economic development rate residential property		Proposed Rates on your property for 2010/11 *
Wellington city	\$66.20	x	<input type="text"/>	÷ 100,000	+	\$15.75	=	<input type="text"/>
Lower Hutt city	\$91.50	x	<input type="text"/>	÷ 100,000	+	\$15.75	=	<input type="text"/>
Upper Hutt city	\$93.56	x	<input type="text"/>	÷ 100,000	+	\$15.75	=	<input type="text"/>
Porirua city	\$91.77	x	<input type="text"/>	÷ 100,000	+	\$15.75	=	<input type="text"/>
Kapiti Coast district	\$67.31	x	<input type="text"/>	÷ 100,000	+	\$15.75	=	<input type="text"/>
Masterton district	\$39.67	x	<input type="text"/>	÷ 100,000	+	\$15.75	=	<input type="text"/>
Carterton district	\$49.91	x	<input type="text"/>	÷ 100,000	+	\$15.75	=	<input type="text"/>
South Wairarapa district (1)	\$51.46	x	<input type="text"/>	÷ 100,000	+	\$15.75	=	<input type="text"/>

* Proposed rates excludes any "Warm Greater Wellington" targeted rates as they impact only those ratepayers that participate in the scheme.

Note: ⁽¹⁾ Excludes river rates charged on Greytown and Featherston urban properties

Porirua city example	\$91.77	x	\$350,000	÷ 100,000	+	\$15.75	=	\$336.95
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Please note: The above calculation does not include rates set by your local city or district council.

Greater Wellington rates are set and assessed by Greater Wellington but are invoiced and collected by the relevant territorial authority in the Wellington region. Such combined collection arrangements are cost effective and more convenient for ratepayers.

This information should be read in conjunction with the Funding Impact Statement and the Revenue and Financing Policy. Please note that all figures on this page include GST.

Resource Management

1. Community outcomes

The Resource Management group of activities primarily contributes to the following community outcome by promoting the sustainable use, development and protection of the Wellington region's natural and physical resources – water, air, coast, soil and biodiversity:

Healthy Environment

A healthy environment is one with clean water, fresh air and healthy soils. Well-functioning and diverse ecosystems make up an environment that can support our needs. Resources are used efficiently. There is minimal waste and pollution

This group of activities also contributes to the following outcome:

Healthy Community by helping to provide a clean and healthy environment in which to live

2. Key projects 2010-11

- Respond to any appeals on the Regional Policy Statement once it is approved by the Council
- Review our regional plans to develop a single integrated plan to manage our natural resources after extensive community engagement
- Continue carrying out our Wetland Action Plan and Pauatahanui Inlet Action Plan, and continue our relationship with the QEII National Trust covenant-assistance programme
- Carry out our ongoing state of the environment monitoring programme focusing on air quality, water quantity (hydrological monitoring), water quality, recreational water quality and soil quality. Continue to maintain the Selected Land Use Register
- Establish minimum flows for major rivers and sustainable yields for key aquifers. This work will inform the development of regional policy and plan work
- Carry out surveillance monitoring for didymo in key rivers and streams
- Continue with our Take Care programme, which supports community groups, businesses and landowners to restore wetlands, streams, dunes and estuaries
- Maintain our commitment to the Take Action environmental education programme and continue our close involvement with the EnviroSchools programme, where Greater Wellington provides funding for the EnviroSchools Regional Coordinator position
- Investigate including the Department of Conservation (DOC) in our existing Greater Wellington Environmental Awards programme, to provide a comprehensive suite of awards for schools, community groups, business and others making a positive difference in managing the region's environment
- Continue to carry out our core functions, such as consent processing, compliance monitoring and enforcement, and provide a 24-hour pollution-response service for the community

3. Key changes from the 10-Year Plan 2009-19 (LTCCP)

Activity: Resource management planning

- An additional \$50,000 has been provided to support the Porirua Harbour and Catchment Modelling programme, a key part of the Porirua Harbour Strategy programme, which is a joint partnership between the Porirua and Wellington city councils, Ngati Toa and Greater Wellington

Activity: Resource consent service

- We have reduced our full-time staff by one in the Environmental Regulation department because consent processing numbers dropped considerably, reducing our spend by \$60,000

Activity: Compliance and enforcement

- There are no significant changes from the *10-Year Plan 2009-19*

Activity: Pollution prevention and control

- There are no significant changes from the *10-Year Plan 2009-19*

Activity: State of the environment monitoring

- We have reduced our in-stream flow-measurement work and associated groundwater research spend by \$75,000
- Due to good progress in the previous year remotely managing our water take, we reduced our spend by \$25,000
(These reductions in spend have been offset in part by a grant from the Community Irrigation Fund, which provided approximately \$250,000 in funding over two years to support the development of a regional water strategy)

Activity: Environmental education and community engagement

- There are no significant changes from the *10-Year Plan 2009-19*

4. Short-term targets – by 30 June 2011

Activity: Resource management planning

Target	Budget
The Regional Policy Statement will be approved by the Council and become operative	\$444,457

Activity: Resource consent service

Target	Budget
100% of resource consents will be processed within statutory timeframes and in compliance with the Resource Management Act	\$623,235
100% of consent decisions appealed to the Environment Court will be successfully defended	\$35,000
Two workshops on specific issues will be held for consent customers	\$53,549

Activity: Compliance and enforcement

Target	Budget
100% of compliance inspections for all major consents with an individual monitoring programme will be completed	\$494,503
6.7% (1 in 15) of all consents not subject to an individual monitoring programme will be subject to a monitoring inspection	\$33,132
100% enforcement actions taken will be successful	\$64,000

Activity: Pollution prevention and control

Target	Budget
100% of environmental pollution incidents will be responded to according to the following timeframes: <ul style="list-style-type: none">• Log only: no action required• Red (serious adverse environmental effect requiring immediate attention): 60 minutes• Yellow (serious environmental effect where no benefit will be gained by an immediate response): 24 hours• Blue (minor environmental effect not requiring immediate response): 7 days	\$356,833
20 businesses will be audited for compliance with the Resource Management Act and regional plans	\$86,103

Activity: State of the environment monitoring

Target	Budget
Greater Wellington's managers with responsibility for water supply and consents will be notified within one working day of low groundwater levels in the Waiwhetu aquifer	\$52,040
Water samples will be taken weekly throughout the bathing season (1 November – 31 March) and tested for the presence of bacteria. A traffic light warning framework (see below) will be used at the sites and on Greater Wellington's website to inform the public <ul style="list-style-type: none">• Green – low or no public health risk• Amber – alert mode requiring follow-up monitoring• Red – action required and beach closed	\$61,585
Real-time environmental data will be available on Greater Wellington's website throughout the year	\$39,760
Annual report cards containing summary information for key resources will be prepared to the Council's satisfaction	\$1,747,584
Targeted investigations will be completed in a timely manner and to the Council's satisfaction	\$413,685

Activity: Environmental education and community engagement

Target	Budget
2,000 primary school students will participate in a Take Action environmental education programme	\$270,251
Community groups will work on restoring 30 degraded ecosystems through the Take Care programme	\$260,097
25 businesses will be assisted to improve their environmental performance through our eMission business sustainability and carbon reduction initiatives	\$39,427

FINANCIAL INFORMATION

RESOURCE MANAGEMENT

PROSPECTIVE FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE

	2010/11	2010/11		2010/11	2010/11
	Plan	LTCCP		Plan	LTCCP
	\$000s	\$000s		\$000s	\$000s
FUNDING STATEMENT			OPERATING REVENUE		
General rate	9,882	10,095	Resource management planning	2,492	2,439
Targeted rate	-	-	Resource consent and compliance service	3,195	3,289
Government subsidies	10	10	Pollution control	478	478
Interest and dividends	-	-	State of the environment monitoring	4,105	4,315
Other operating revenue	1,670	1,742	Environment education and engagement	1,292	1,326
Operating revenue	11,562	11,847	Total operating revenue	11,562	11,847
Direct operating expenditure	11,187	11,473	OPERATING EXPENDITURE		
Finance costs	45	54	Resource management planning	2,492	2,445
Depreciation	275	243	Resource consent and compliance service	3,168	3,306
Operating expenditure	11,507	11,770	Pollution control	478	478
Operating surplus/(deficit)	55	77	State of the environment monitoring	4,062	4,187
Less:			Environment education and engagement	1,307	1,354
Capital expenditure	213	189	Total operating expenditure	11,507	11,770
Proceeds from asset sales	(42)	(39)	CAPITAL EXPENDITURE		
Loan funding	-	-	Environment monitoring equipment	-	-
Rates-funded capital expenditure	171	150	Capital project expenditure	-	-
Debt repayment	159	170	Land and buildings	-	-
Investment additions	-	-	Plant and equipment	70	72
Operational reserve movements	-	-	Vehicles	143	117
Working capital movements	-	-	Total capital expenditure	213	189
Non-cash items (1)	(275)	(243)			
Net funding required	-	-			

(1) Non-cash items includes depreciation

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the Revenue and Financing Policy in the Policies Document

Please note that all figures on this page exclude GST

Transport

1. Community outcomes

The Transport group of activities primarily contributes to the following community outcome by identifying the region's transport needs, planning how to meet them and working with others to develop networks and services:

Connected Community

Access is quick and easy – locally, nationally and internationally. Our communication networks, air and sea ports, roads and public transport systems enable us to link well with others, both within and outside the region

This group of activities also contributes to other outcomes:

Prosperous community by enhancing the movement of goods and people within the region

Healthy environment by reducing vehicle emissions through good transport planning and the provision of public transport services

Essential services by providing and maintaining high-quality secure public transport infrastructure, and planning for roads, walkways and cycleways

Healthy community by encouraging walking and cycling, and reducing air pollution

Quality lifestyle by enabling people, including those with disabilities, to travel across the region easily and safely to participate in a variety of activities

2. Key projects 2010-11

Regional transport network planning

- Review the Hutt Transport Corridor Plan
- Review the Regional Freight Plan
- Update the Regional Transport Model

Encouraging sustainable transport choices

- Continue to expand the School Travel Plan programme
- Carry out the Travel Awareness programme for sustainable transport options

Public transport services

Planning public transport services

- Complete a new Regional Public Transport Plan in accordance with the Public Transport Management Act 2008
- Ensure existing services provide value for money by redeploying resources from poorly performing services
- Finalise the review of diesel bus services in Wellington city (excluding Tawa)
- Support bus priority measures, particularly in the Wellington CBD
- Work towards a network-wide electronic ticketing system
- Continue public transport planning for the 2011 Rugby World Cup

Public transport operations

- Continue funding rail, bus and harbour ferry services
- Continue working with the Ministry of Transport, New Zealand Transport Agency and KiwiRail to carry out the new metro rail operating model outlined by the Minister of Transport
- Complete a "transition-in" plan for the new Matangi passenger trains
- Continue carrying out the new Procurement Strategy for buses and ferries with the re-tendering of services
- Incorporate new national guidelines for vehicle standards into any new bus contracts
- Ensure quality standards are maintained for public transport users by continuing to develop and carry out new monitoring processes
- Continue funding and administering the Total Mobility Scheme, which offers half-price taxi fares for people with disabilities
- Assess the success of the new electronic Total Mobility Scheme and amend processes where further efficiencies can be made within budget
- Continue to monitor contracting arrangements with taxi companies and assessment agencies to ensure an efficient and quality service is provided to Total Mobility Scheme users

Maintain infrastructure assets and invest in new infrastructure

- Continue bringing 48 new two-car Matangi passenger trains into service
- Complete the following work on the rail network in preparation for the new Matangi passenger trains:
 - Upgrade signalling, power, station platforms and the maintenance depot
 - Construct additional train storage facilities
- Complete a detailed condition assessment and prototype refurbishment of a Ganz Mavag two-car electric multiple unit (passenger train). Determine the business case for refurbishing the Ganz Mavag fleet based on the prototype
- Ensure that the Greater Wellington Rail Limited-owned rolling stock is maintained at a level that ensures vehicles are available for service
- Complete the double tracking from Mackays Crossing to Waikanae and the electrification of the railway track from Paraparaumu to Waikanae
- Complete improvements to rail and associated infrastructure at Paraparaumu and Waikanae
- Continue the retrofit programme for bus shelters, replacing glass with perforated sheet metal to deter vandalism
- Install 15 new bus shelters across the region
- Install further Porirua CBD bus stop units (subject to available funding)
- Implement a new procurement strategy for infrastructure in accordance with New Zealand Transport Agency requirements
- Extend rail commuter carpark facilities (subject to available funding)
- Develop and carry out a region-wide maintenance programme for rail commuter carpark facilities
- Complete the final stage of the Waterloo Railway Station carpark lighting upgrade programme (subject to available funding)
- Continue to develop the Transport Asset Management Plan, particularly regarding levels of service and risk management

Marketing and information management

- Promote Metlink's public transport services through promotional campaigns
- Continue to provide information on Metlink's public transport services through a call centre, timetable production and website
- Conduct the annual public transport customer satisfaction monitoring survey
- Continue introducing real-time information at bus stops and train stations to inform users when the next service will actually arrive (rather than its scheduled arrival time)

Consistent with the *10-Year Plan 2009-19*, this *Annual Plan 2010/11 – Proposed* includes a public transport fare revenue increase of 3%. The last fare increase was in September 2008. The Council reviews fares annually and the proposed increase is deemed necessary to ensure that the direct user contribution to the cost of providing services will remain within the target range of 45% to 50% over the medium term.

3. Key changes from the 10-Year Plan 2009-19 (LTCCP)

Activity: Regional transport network planning

- A new project has been added (reviewing the Western Corridor Plan) in response to the Government's recent decision to advance projects on the "Levin to Wellington Airport Road of National Significance"

Activity: Encouraging sustainable transport choices

- There are no significant changes from the *10-Year Plan 2009-19*

Activity: Public transport services

A number of changes to public transport expenditure compared to the *10-Year Plan 2009-19* are outlined here. The impact on the transport rate will depend on the New Zealand Transport Agency's funding rate for that activity (usually 50% subsidy for bus operations, 60% for rail operations and 90% for rail infrastructure projects):

Planning public transport services

- Some of the planned expenditure on investigating electronic ticketing has been deferred until 2011/12. The timing of this expenditure will depend on integrated ticketing developments in Auckland and our ability to access New Zealand Transport Agency funding

Public transport operations

- The cost of providing diesel bus services has dropped by approximately \$3 million, following the commercial registration and consequential withdrawal of subsidies for bus routes 110 and 120 from February 2010
- The operating expenditure budget for the real-time information project has been reduced by \$1.2 million for 2010/11. Recent contract signings for the supply and operation of this system have provided more certainty around the amount and timing of the ongoing operational costs
- Wellington Cable Car Limited, a subsidiary of the Wellington City Council, provided estimates showing that the projected ongoing costs of maintaining and operating the trolley bus infrastructure has increased by \$0.4 million per year above the estimates previously provided (this is on top of the increased expenditure to renew the aged infrastructure – see "Maintain infrastructure assets and invest in new infrastructure" below)
- The forecast cost of subsidising passenger rail operations in Wellington has decreased by approximately \$3 million. This change in projections is primarily driven by reduced maintenance and insurance expenditure on the new Matangi trains as they are phased into service

Maintain infrastructure assets and invest in new infrastructure

- There have been a number of changes to the expected timing of payments for rail infrastructure and rolling stock projects that are underway. The net effect of these changes has been to reduce expenditure in 2010/11 by approximately \$16 million and, as a result, reduce debt servicing costs by \$0.5 million. These changes include:
 - Delays to the timing of expenditure on the new Matangi passenger trains. These are still expected to start entering service in the second half of 2010
 - An updated programme for refurbishing the Ganz Mavag trains, assumed to commence in the final quarter of 2010/11 when the prototype is complete and funding arrangements are in place
 - Changes to the rail infrastructure upgrade programme being undertaken by KiwiRail. Expected expenditure has been updated to incorporate KiwiRail's latest forecast information on station platform upgrades, the MacKays Crossing to Waikanae project, new stabling facilities, and the signal and electrical work required to allow the new Matangi trains to operate
- Wellington Cable Car Limited providing revised forecast costs for renewing the trolley bus infrastructure. Previous forecast information was based on an asset management plan exercise that Wellington Cable Car Limited undertook in 2008. The new forecast information increases the cost of this work by \$3.3 million in 2010/11 and some \$15.7 million over the remaining nine years of Greater Wellington's 10-Year Plan 2009-19

Marketing and information management

- Planned expenditure on the marketing of Metlink services has reduced by \$80,000, with more emphasis placed on marketing Metlink information for customers

4. Short-term targets – by 30 June 2011

Activity: Regional transport network planning

Target	Budget
A monitoring report on the Regional Land Transport Strategy will be approved for publication by the Regional Transport Committee by 30 September 2010	\$40,000
A reviewed Hutt Corridor Plan will be approved by the Regional Transport Committee by 31 December 2010	\$24,000
The Regional Transport Committee will approve the release of a reviewed Draft Freight Plan ¹ for consultation	\$40,000
Surveys to support the redevelopment of the regional transport model ² will be completed	\$410,000

1. The Freight Plan sets out the activities the region intends to undertake to address freight transport issues
2. The transport model is a computer-based tool used to predict changes to the transport network's operation as a result of various projects being undertaken

Activity: Encouraging sustainable transport choices

Target	Budget
New travel plans will be developed by 18 schools and four workplaces, and all existing travel plans in schools and workplaces will be monitored/reviewed	\$750,000
At least one community travel behaviour change project will be supported	\$84,000
Walking and cycling initiatives will be facilitated. The Cycling and Walking Journey Planner will be maintained and the region's Active Transport Forum will be facilitated	\$219,000
The Regional Road Safety Campaign will be supported and reported to the Regional Transport Committee	\$5,000
Public awareness campaigns will be carried out to promote walking, cycling and public transport, and to discourage unnecessary car trips	\$153,000

Activity: Public transport services

Target	Budget
A review of Wairarapa bus services will be completed and reported to the Council. Minor service reviews of two contract areas will be completed and reported to the Council	\$150,000
Peak-time passenger trips using public transport will increase by 4%, off-peak passenger trips using public transport will increase by 6% and the number of public transport vehicles that are wheelchair accessible will increase from the previous year	All of Greater Wellington's expenditure of \$291,606,000 on public transport services will contribute to this target
Further new Matangi electric multiple units (EMU) will arrive in Wellington and enter passenger service	\$132,802,000
A refurbishment programme of the Ganz Mavag rail fleet will commence, following approval by the Council	\$8,000,000
The rail double-tracking from MacKays Crossing to Paraparaumu and the extension of the electrification to Waikanae will be completed	\$25,313,000
The upgrade of the Thorndon Rail Depot and the expansion of train	\$10,773,000

stabling for the Matangi EMUs will be completed	
The upgrade to 15 stations across the rail network to enable the successful introduction into service of the new Matangi EMUs will be completed	\$4,666,000
15 new bus shelters will be installed across the region	\$250,000
A real-time information system will be in operation on the Metlink network	\$5,550,000
<p>More than 90% of residents will rate the service they receive from the Customer Services Service Centre as excellent or very good.</p> <p>More than 95% of calls to the Customer Services Service Centre will be answered.</p> <p>Metlink website usage and its usefulness rating will increase from the previous year.</p> <p>Use of txtBUS and txtTRAIN will increase from the previous year.</p>	\$812,000

FINANCIAL INFORMATION

TRANSPORT

PROSPECTIVE FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE

	2010/11	2010/11		2010/11	2010/11
	Plan	LTCCP		Plan	LTCCP
	\$000s	\$000s		\$000s	\$000s
FUNDING STATEMENT			OPERATING REVENUE		
General rate	-	-	Regional transport network planning	1,734	2,245
Targeted rate	41,440	46,102	Encouraging sustainable transport choices	2,317	2,376
Government subsidies	232,825	250,587	Public transport services	271,410	293,218
Interest and dividends	107	71	Total operating revenue	275,461	297,839
Other operating revenue	1,089	1,079			
Operating revenue	275,461	297,839	OPERATING EXPENDITURE		
			Regional transport network planning	1,423	1,469
Direct operating expenditure	87,849	96,432	Encouraging sustainable transport choices	2,317	2,376
Finance costs	2,483	2,908	Public transport services	86,878	96,572
Depreciation	286	1,077	Total operating expenditure (excluding public transport improvements)	90,618	100,417
Operating expenditure	90,618	100,417			
Operating surplus/(deficit) before public transport improvements	184,843	197,422	Public transport services		
			Public transport improvements (1)	202,213	211,826
Public transport improvements (1)	202,213	211,826	Operating surplus/(deficit) (2)	(17,370)	(14,404)
Operating surplus/(deficit) (2)	(17,370)	(14,404)			
			Less:		
Capital expenditure	6,030	9,815	Capital expenditure	6,030	9,815
Proceeds from asset sales	-	-	Proceeds from asset sales	-	-
Loan funding	(1,299)	(1,688)	Loan funding	(1,299)	(1,688)
Rates and subsidy-funded capital expenditure	4,731	8,127			
			Loan funding of public transport improvements (1)	(23,035)	(22,710)
Loan funding of public transport improvements (1)	(23,035)	(22,710)	Debt repayment	3,113	3,185
Debt repayment	3,113	3,185	Investment additions	-	-
Investment additions	-	-	Reserve movements	(1,893)	(1,929)
Reserve movements	(1,893)	(1,929)	Working capital movements	-	-
Working capital movements	-	-	Non-cash items (3)	(286)	(1,077)
Non-cash items (3)	(286)	(1,077)	Net funding required	-	-
Net funding required	-	-			
			CAPITAL EXPENDITURE		
			New public transport shelters, signage, pedestrian facilities and systems	6,030	9,815
			Capital project expenditure	6,030	9,815
			Land and buildings	-	-
			Plant and equipment	-	-
			Vehicles	-	-
			Total capital expenditure	6,030	9,815

(1) Public transport improvements include capital grants to external public organisations and the 100% Council Controlled Trading Organisation, Greater Wellington Rail Ltd, for improvements to public transport infrastructure where Greater Wellington will not own the resulting asset. These improvements include trolley bus overhead wire renewals, rail infrastructure, rail track renewals and the new Matangi trains

(2) Greater Wellington funds its share of public transport improvements from debt. This has resulted in an operating deficit within transport

(3) Non-cash items include depreciation

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the Revenue and Financing Policy in the Policies Document

Please note that all figures on this page exclude GST

Water Supply

1. Community outcomes

The Water Supply group of activities primarily contributes to the following community outcome by collecting, treating and delivering water to the following cities – Lower Hutt, Upper Hutt, Porirua and Wellington. This requires Greater Wellington to maintain infrastructure and plan to meet future demand. We also promote the careful use of water and build resilience in the system to cope with emergencies:

Essential Services

High-quality and secure infrastructure and services meet our everyday needs. These are developed and maintained to support the sustainable growth of the region now and in the future

This group of activities also contributes to other outcomes:

Healthy Community by ensuring that drinking water standards set by the Ministry of Health are met

Prepared Community by planning the reinstatement of water supply following an emergency event

Healthy Environment by encouraging people to use water wisely so that the environmental impacts of water supply operations are reduced

2. Key projects 2010-11

- Achieve an A1 grading for the Gear Island Water Treatment Plant
- Complete Stage 2 of the Te Marua mini hydro-generator scheme
- Complete a review of the asset information and condition rating
- Complete seismic enhancement work for Lake 2, Stuart Macaskill Lakes
- Increase the storage capacity of Lake 2 by raising the maximum water level by approximately 1.3 metres
- Complete construction of a mini hydro-generator at the Wainuiomata Water Treatment Plant
- Undertake a comprehensive public communications initiative related to reduced water availability from the Stuart Macaskill Lakes during the 2010/11 summer

3. Key changes from the 10-Year Plan 2009-19 (LTCCP)

Activity: Water collection, treatment and delivery

- There are no significant changes from the *10-Year Plan 2009-19*

Activity: Water supply infrastructure

- There are no significant changes from the *10-Year Plan 2009-19*

Activity: Planning for future water demand and supply

- Stage 3 of the Te Marua Pumping Station mini hydro-generator is being deferred until another mini hydro-generator is operational and its performance evaluated
- The Wainuiomata mini hydro-generator will be constructed during 2010/11

Activity: Water conservation programmes

- There are no significant changes from the *10-Year Plan 2009-19*

4. Short-term targets – by 30 June 2011

Activity: Water collection, treatment and delivery

Target	Budget
Water will be supplied to the four cities in the region that meets or exceeds national quality standards and meets reasonable daily demand: <ul style="list-style-type: none">• Treatment plant gradings will be maintained or improved• Security of supply will be at a 2.5% probability of shortfall (1 in 40-year drought)• There will be no deferred maintenance in the system	\$22,436,000

Activity: Water supply infrastructure

Target	Budget
Assets will be replaced or enhanced in accordance with the asset-management plan	\$1,270,000

Activity: Planning for future water demand and supply

Target	Budget
Major infrastructural developments will be undertaken in accordance with the Wellington Water Supply Development Plan:	
<ul style="list-style-type: none">• Construction for raising water levels at the Stuart Macaskill Lakes will continue	\$2,020,000
<ul style="list-style-type: none">• Construction will be completed and the Wainuiomata mini hydro-generator will be commissioned	\$400,000
<ul style="list-style-type: none">• Construction for the seismic upgrading of the Stuart Macaskill Lakes will continue	\$5,120,000
<ul style="list-style-type: none">• Design will be investigated and construction commenced on Stage 3 of the Te Marua pumping station mini hydro-generator	Deferred until 2011/12

Activity: Water conservation programmes

Target	Budget
Increases in total consumption will be held to levels consistent with population change and targets for per head consumption	\$477,000

FINANCIAL INFORMATION

WATER SUPPLY

PROSPECTIVE FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE

	2010/11	2010/11		2010/11	2010/11
	Plan	LTCCP		Plan	LTCCP
	\$000s	\$000s		\$000s	\$000s
FUNDING STATEMENT			OPERATING REVENUE		
General rate	-	-	Plan, collect, treat and deliver water	24,791	26,573
Targeted rate	-	-	Water conservation programmes	513	272
Water supply levy	23,460	24,743	Total operating revenue	25,304	26,845
Government subsidies	-	-	OPERATING EXPENDITURE		
Interest and dividends	785	1,019	Plan, collect, treat and deliver water	27,561	27,820
Other operating revenue	1,059	1,083	Water conservation programmes	306	432
Operating revenue	25,304	26,845	Total operating expenditure	27,867	28,252
Direct operating expenditure	16,610	17,160	CAPITAL EXPENDITURE		
Finance costs	3,408	3,545	Water sources	7,265	6,305
Depreciation	7,849	7,547	Water treatment plants	930	1,003
Operating expenditure	27,867	28,252	Pipelines	400	383
Operating surplus/(deficit)	(2,563)	(1,407)	Pump stations	560	362
Less:			Reservoirs	-	-
Capital expenditure	11,730	10,845	Monitoring and control	512	305
Proceeds from asset sales	(93)	(75)	Seismic protection	700	207
Loan funding	(11,267)	(10,463)	Energy	400	248
Levy-funded capital expenditure	370	307	Other	500	1,649
Debt repayment	3,751	4,038	Capital project expenditure	11,267	10,462
Investment additions	1,165	1,795	Land and buildings	-	-
Operational reserve movements	-	-	Plant and equipment	91	84
Working capital movements	-	-	Vehicles	372	299
Non-cash items (1)	(7,849)	(7,547)	Total capital expenditure	11,730	10,845
Net funding required	-	-			

(1) Non-cash items includes depreciation.

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the Revenue and Financing Policy in the Policies Document
Please note that all figures on this page exclude GST

Parks and Forests

1. Community outcomes

The Parks and Forests group of activities primarily contributes to the following community outcomes by providing a range of outdoor recreational opportunities in regional parks, forests and recreational areas:

Healthy Community

Our physical and mental health is protected. Living and working environments are safe, and everyone has access to health care. Every opportunity is taken to recognise and provide for good health by providing regional parks and forest areas for outdoor recreation

Quality Lifestyle

Living in the Wellington region is enjoyable and people feel safe. A variety of lifestyles can be pursued. Our art, sport, recreation and entertainment scenes are enjoyed by all community members – and attract visitors

This group of activities also contributes to other outcomes:

Sense of Place because our parks and forests are an integral part of the region's uniqueness and history

Healthy Environment by carrying out environmental protection and restoration works in our parks, forests and recreation areas

2. Key projects 2010-11

Recreational, facilities and services

- Form a joint governance arrangement with Ngati Toa for Whitireia Park
- Undertake regular land management activities, and asset maintenance and monitoring on all park facilities
- Provide regular five and seven-day ranging services in all park and forest areas
- Continue developing the Wairarapa Moana project in partnership with other groups

Parks network planning

- Complete the Parks Network Management Plan

Activity: Environmental protection and enhancement

- Undertake pest animal and pest plant control on all park assets, as well as monitor forest health indicators

Marketing and community relations

- Undertake a summer outdoors events programme (Great Outdoors) involving at least 50 events and targeting at least 4,900 participants
- Organise other events, including buggy walks, Arbor Day celebrations, and corporate and community planting days
- Assist "Friends" groups with carrying out environmental activities in the parks and forests

3. Key changes from the 10-Year Plan 2009-19 (LTCCP)

Activity: Recreational, facilities and services

- There are no significant changes from the *10-Year Plan 2009-19*

Activity: Parks network planning

- Consolidate all park management plans into one comprehensive plan for all park and forest areas. A review of all these areas will be undertaken and completed in 2010/11

Activity: Environmental protection and enhancement

- The Wainuiomata/Orongorongo 1080 possum control operation planned for 2009/10 has been deferred until 2010/11

Activity: Marketing and community relations

- There are no significant changes from the *10-Year Plan 2009-19*

4. Short-term targets – by 30 June 2011

Activity: Recreational, facilities and services

Target	Budget
Park and forest assets will be maintained in accordance with the relevant asset-management plans and reported to the satisfaction of the Council	\$1,689,000
Ranger services will be provided for seven days per week in four parks and for five days per week in the remaining parks and forest areas (excluding Whitireia Park and Lake Wairarapa). This will amount to 7,000 hours of ranger time	\$841,000

Activity: Parks network planning

Target	Budget
A new approach to the structure of park management plans will be developed and approved by the Council	\$212,000
Governance arrangements for Lake Wairarapa (including Lake Onoke) will be confirmed	\$176,000
Governance arrangements for Whitireia Park will be confirmed and a partial park service introduced	\$75,000

Activity: Environmental protection and enhancement

Target	Budget
Compliance with the Environmental Asset Management Plan – pest plant control will be achieved	\$975,000
A report on the health of the ecosystems of parks and forest areas, using the monitoring results, will establish a baseline for further reporting	\$89,000

Activity: Marketing and community relations

Target	Budget
A marketing plan will be implemented such that 85% of residents will be able to freely recall a regional park or forest and 59% of residents will have visited one regional park in the previous 12 months The regional outdoors programme (<i>Great Outdoors</i>) will be delivered and at least 4,900 people will attend the events led by Greater Wellington	\$226,000
Eight "Friends of the Park" groups will have been actively involved in parks planning and management	\$18,000
There will have been a 10% increase over the baseline measure in on-park volunteer hours	n/a

FINANCIAL INFORMATION

PARKS AND FORESTS

PROSPECTIVE FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE

	2010/11	2010/11		2010/11	2010/11
	Plan	LTCCP		Plan	LTCCP
	\$000s	\$000s		\$000s	\$000s
FUNDING STATEMENT			OPERATING REVENUE		
General rate	5,378	5,730	Plan, manage and protect recreational facilities and services	5,641	6,137
Targeted rates	-	-	Marketing and community relations	649	636
Government subsidies	-	-	Total operating revenue	6,290	6,773
Interest and dividends	-	-			
Other operating revenue	912	1,043	OPERATING EXPENDITURE		
Operating revenue	6,290	6,773	Plan, manage and protect recreational facilities and services	5,556	6,076
			Marketing and community relations	649	636
Direct operating expenditure	5,711	6,154	Total operating expenditure	6,205	6,712
Finance costs	238	252			
Depreciation	256	306	CAPITAL EXPENDITURE		
Operating expenditure	6,205	6,712	Park infrastructure upgrades	166	167
Operating surplus/(deficit)	85	61	Capital project expenditure	166	167
			Land and buildings	-	-
Less:			Plant and equipment	26	27
Capital expenditure	270	303	Vehicles	78	109
Proceeds from asset sales	(29)	(36)	Total capital expenditure	270	303
Loan funding	(166)	(168)			
Rates-funded capital expenditure	75	99			
Debt repayment	266	268			
Investment additions	-	-			
Operational reserve movements	-	-			
Working capital movements	-	-			
Non-cash items (1)	(256)	(306)			
Net funding required	-	-			

(1) Non-cash items includes depreciation

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the Revenue and Financing Policy in the Policies Document. Please note that all figures on this page exclude GST.

Safety and Flood Protection

1. Community outcomes

The Safety and Flood Protection group of activities primarily contributes to the following community outcome by building flood protection measures and ensuring that communities know the risk of emergency events in their area, including earthquakes, and are as ready as possible to cope with these events. We also prepare emergency management plans and provide an emergency operations centre to respond to any emergency events:

Prepared Community

We can cope with emergency events. Individuals and businesses are able to take responsibility for their own well-being. Effective emergency management systems are in place

This group of activities also contributes to other outcomes:

Healthy Environment by cleaning up pollution incidents in our harbours and coastal waters, and enhancing the environment along flood corridors

Prosperous Community by ensuring that the regional economy is protected from the worst effects of emergencies and can recover quickly

Quality Lifestyle by ensuring that floods and other emergencies cause minimum disruption to normal activities, and by ensuring that people can enjoy safe recreational use of the harbour and coastal waters and river corridors

2. Key projects 2010-11

Floodplain management planning

- Complete Stage 1 of the Waiohine River floodplain management plan
- Commence Waipoua River flood hazard assessment to identify the existing flood risk to Masterton
- Complete the Pinehaven flood hazard study
- Complete Waiwhetu floodplain management plan investigations
- Complete the Otaki River Floodplain Management Plan review

Flood protection infrastructure

- Complete contaminated site remediation and flood protection works in the Waiwhetu Stream from Bell Road to the Port Road Bridge in Lower Hutt
- Commence construction of Boulcott/Hutt Stopbank in Lower Hutt
- Complete Convent Road improvements and the South Waitohu Stopbank in Otaki
- Complete the Hutt River bank-edge protection works at Ebdentown and Bridge Road in Upper Hutt
- Complete Year 4 of the Lower Wairarapa Valley Development Scheme (LWVDS) improvement works in the Ruamahanga River

Environmental enhancement of river corridors

- Complete the Otaki River Environmental Strategy review
- Continue working with Friends of Otaki and Waikanae Rivers to enhance the Otaki and Waikanae river corridors
- Continue to provide the Hutt River ranger service

Flood warning service

- Continue issuing flood warnings within 30 minutes of alarms being triggered in accordance with established flood procedures

Civil defence and emergency management

- Review the Wellington Region Civil Defence Emergency Management Group Plan
- Carry out seismic and tsunami event exercises

Harbour management

- Complete the Harbour Safety Management System and have it successfully audited by Maritime New Zealand
- Continue to provide navigation aids in our harbours and a communication service for Wellington Harbour from the newly completed Beacon Hill Signal Station
- Clean up oil spills in our harbours and coastal waters
- Educate people about water safety and enforce maritime safety rules

3. Key changes from the 10-Year Plan 2009-19 (LTCCP)

Activity: Floodplain management planning

- There are no significant changes from the *10-Year Plan 2009-19*

Activity: Flood protection infrastructure

- Ebdentown rock-lining originally planned for completion by June 2010 will now be completed over a period of two years by June 2011

Activity: Environmental enhancement of river corridors

- There are no significant changes from the *10-Year Plan 2009-19*

Activity: Flood-warning service

- There are no significant changes from the *10-Year Plan 2009-19*

Activity: Civil defence and emergency management

- There are no significant changes from the *10-Year Plan 2009-19*

Activity: Harbour management

- There are no significant changes from the *10-Year Plan 2009-19*

4. Short-term targets – by 30 June 2011

Activity: Floodplain management planning

Target	Budget
The first stage of the Waiohine River floodplain management plan (flood hazard maps) will be completed to the satisfaction of the Council	\$140,000
A review of flood risk to Masterton will be commenced	Included within the Wairarapa area "investigations" budget of \$287,000

Activity: Flood protection infrastructure

Target	Budget
The construction and upgrade of flood protection infrastructure for the region will be completed in accordance with the capital expenditure programme	\$7,030,000
Flood infrastructure in the western part of the region will be maintained in accordance with established standards, statutory requirements and the Western Rivers Asset Management Plan. Achievement will be approved by the Council	\$2,662,000
Flood infrastructure will be maintained in the 10 Wairarapa River schemes, and completed to established standards and the satisfaction of the Scheme Advisory Committees	\$1,575,000

Activity: Environmental enhancement of river corridors

Target	Budget
Maintenance within the Hutt River corridor, including tracks and restoration sites, will be carried out in accordance with the Hutt River Environmental Strategy. Progress will be reported to the Council	\$200,000
Maintenance within the Otaki River corridor, including tracks and restoration sites, will be carried out in accordance with the Otaki River Environmental Strategy and in partnership with the Friends of the Otaki River. Progress will be reported to the Council	\$25,000
Maintenance within the Waikanae River corridor, including tracks and restoration sites, will be carried out in accordance with the Waikanae River Environmental Strategy and in partnership with the Friends of the Waikanae River. Progress will be reported to the Council	\$12,000

Activity: Flood-warning service

Target	Budget
All flood warnings will be issued within 30 minutes of alarms being triggered in accordance with established flood procedures	\$43,000

Activity: Civil defence and emergency management (CDEM)

Target	Budget
Progress with the implementation of the CDEM Group Plan will be to the satisfaction of the Wellington Region CDEM Group	\$65,000
The Wellington Region CDEM Group will meet twice during the year	\$38,000
A major exercise to test the operational capability of the CDEM	\$9,000

Group's Emergency Operations Centre will be conducted	
A survey will show that 75% of households will have emergency food and water supplies and 70% of businesses in the region will have business continuity plans in place	\$16,000

Activity: Harbour management

Target	Budget
The Beacon Hill Harbour Communications Station will provide a 24-hour, 365-day service in accordance with Council-agreed operating standards	\$476,674
Navigation aids will be repaired within 24 hours, weather permitting, and maintained in accordance with International Association of Lighthouse Authorities guidelines	\$119,800
Reports of oil spills in harbours and coastal waters will be checked within 30 minutes and clean-up action will be commenced within one hour of being reported (for harbours) and within three hours (for coastal waters)	\$16,951
All reports of unsafe behaviour will be investigated. Formal records will be kept of all reports. At least 500 safe-boating packs will be distributed to recreational boaties	\$107,908

FINANCIAL INFORMATION

**SAFETY AND FLOOD PROTECTION
PROSPECTIVE FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE**

	2010/11	2010/11		2010/11	2010/11
	Plan	LTCCP		Plan	LTCCP
	\$000s	\$000s		\$000s	\$000s
FUNDING STATEMENT			OPERATING REVENUE		
General rate	9,496	9,601	Flood protection	14,687	14,879
Targeted rates	5,390	5,495	Emergency management	884	886
Government subsidies	116	120	Harbour management	1,889	1,936
Interest and dividends	464	518	Total operating revenue	17,460	17,701
Other operating revenue	1,994	1,967			
Operating revenue	17,460	17,701	OPERATING EXPENDITURE		
			Flood protection	11,229	11,363
Direct operating expenditure	9,990	10,132	Emergency management	884	885
Finance costs	3,068	3,041	Harbour management	1,895	1,946
Depreciation	950	1,021	Total operating expenditure	14,008	14,194
Operating expenditure	14,008	14,194			
Operating surplus/(deficit)	3,452	3,507	CAPITAL EXPENDITURE		
			Harbour improvements	-	-
Less:			Waiwhetu flood improvements	600	620
Capital expenditure	7,376	6,919	Hutt River improvements	4,277	3,712
Proceeds from asset sales	(128)	(148)	Otaki River improvements	1,005	1,039
Loan funding	(7,030)	(6,531)	Wairarapa scheme improvements	909	913
Rates-funded capital expenditure	218	240	Other flood protection	239	247
			Capital project expenditure	7,030	6,531
Debt repayment	2,987	2,921	Land and buildings	-	-
Investment additions	367	414	Plant and equipment	18	16
Operational reserve movements	830	953	Vehicles	328	372
Working capital movements	-	-	Total capital expenditure	7,376	6,919
Non-cash items (1)	(950)	(1,021)			
Net funding required	-	-			

(1) Non-cash items includes depreciation

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the Revenue and Financing Policy in the Policies Document

Please note that all figures on this page exclude GST

Land Management

1. Community outcomes

The Land Management group of activities primarily contributes to the following community outcome by carrying out pest management to protect the region's important ecosystems and promoting the sustainable use of land through our soil conservation work and farm sustainability planning:

Healthy Environment

A healthy environment is one with clean water, fresh air and healthy soils. Well-functioning and diverse ecosystems make up an environment that can support our needs. Resources are used efficiently. There is minimal waste and pollution

This group of activities also contributes to the following outcome:

Prosperous Community by enhancing the sustainability and security of the farming sector through soil conservation, pest management and continued support for the Animal Health Board's bovine Tb vector control programme

2. Key projects 2010-11

Pest (animal and plant) management

- Carry out the Regional Pest Management Strategy, including management of new species and amended control regimes
- Assist in controlling 10 National Interest Pests under contract to Ministry of Agriculture and Fisheries Biosecurity on a cost-recovery basis. This includes surveying at-risk sites, and monitoring and control of known sites
- Continue to carry out the National Pest Plant Accord (NPPA). The NPPA is an agreement between regional councils, the Department of Conservation, MAF Biosecurity, and the Nursery and Garden Industry Association. Plants listed on the accord are prohibited from sale, distribution and propagation within New Zealand
- Carry out the Regional Possum Control Programme in the northern Wairarapa, focusing on trend monitoring in 2010/11

Biodiversity

- Carry out the Key Native Ecosystems and Territorial Authority Reserves programme to improve biodiversity in the region
- Actively promote joint-agency programmes aimed at delivering regional benefit through shared resources
- Support community programmes to increase the scope and size of regional pest control programmes, including the new Community Max employment scheme

Soil conservation

- Carry out the second year's programme of the Wellington Regional Erosion Control Initiative, focusing on the Whareama catchment
- Carry out Stage 1 recommendations in the recent Streams Alive review, within available resources
- Promote the Regional Council Pool of the Afforestation Grant Scheme to landowners
- Carry out the Wellington Regional Erosion Control Initiative in the Wairarapa hill country

Akura Conservation Centre

- Develop a new nursery for the Akura Conservation Centre

3. Key changes from the 10-Year Plan 2009-19 (LTCCP)

Activity: Pest (animal and plant) management

- There are no significant changes from the *10-Year Plan 2009-19*

Activity: Biodiversity

- There are no significant changes from the *10-Year Plan 2009-19*

Activity: Soil conservation

- There are no significant changes from the *10-Year Plan 2009-19*

Activity: Akura Conservation Centre

- There are no significant changes from the *10-Year Plan 2009-19*

4. Short-term targets – by 30 June 2011

Activity: Pest (animal and plant) management

Target	Budget
The operational plan for implementing the Regional Pest Management Strategy will be achieved and reported in detail to the Council	\$2,253,000
The Animal Health Board's Tb vector control programme for the Wellington region is completed to the satisfaction of the Council	\$716,000
Monitoring of possum numbers in the northern Wairarapa will be completed and reported to the Council	\$30,000

Activity: Biodiversity

Target	Budget
Pests will be maintained at very low levels in the following key native ecosystems: <ul style="list-style-type: none"> - 10 wetlands - 40 native forest areas - 4 coastal escarpments - 2 dune ecosystems 	\$621,000
The biodiversity implementation programme will be progressed through the following programmes:	
• Wetland Action Plan	\$67,000
• Queen Elizabeth II National Trust private land-protection programme	\$80,000
• Freshwater ecosystem programme	\$62,000
• Streams Alive riparian planting programme	\$182,000
• Pauatahanui Inlet Action Plan	\$40,000
• Coastal ecosystems	\$60,000

Activity: Soil conservation

Target	Budget
15 new farm or sustainability plans will be prepared and approved by Greater Wellington	\$110,000
490ha of erosion-prone land will be protected	\$565,000
Catchment schemes will be progressed in accordance with agreed workplans	\$100,000
15 events with a land management focus will be supported by Greater Wellington	\$12,000

Activity: Akura Conservation Centre

Target	Budget
Akura Conservation Centre will break even or make a profit	\$14,000
23,000 three-metre poplar poles will be supplied	\$152,000

FINANCIAL INFORMATION

LAND MANAGEMENT

PROSPECTIVE FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE

	2010/11	2010/11		2010/11	2010/11
	Plan	LTCCP		Plan	LTCCP
	\$000s	\$000s		\$000s	\$000s
FUNDING STATEMENT			OPERATING REVENUE		
General rate	4,793	5,028	Soil conservation and biodiversity	3,155	3,191
Targeted rates	201	203	Manage pest plants and animals	3,932	4,072
Government subsidies	161	167			
Interest and dividends	24	20			
Other operating revenue	1,908	1,845	Total operating revenue	7,087	7,263
Operating revenue	7,087	7,263			
			OPERATING EXPENDITURE		
Direct operating expenditure	7,018	7,171	Soil conservation and biodiversity	3,139	3,182
Finance costs	-	-	Manage pest plants and animals	4,008	4,149
Depreciation	129	160	Total operating expenditure	7,147	7,331
Operating expenditure	7,147	7,331			
Operating surplus/(deficit)	(60)	(68)			
			CAPITAL EXPENDITURE		
Less:			Land and buildings	-	-
Capital expenditure	164	192	Plant and equipment	-	-
Proceeds from asset sales	(41)	(45)	Motor vehicles	164	192
Loan funding	-	-	Total capital expenditure	164	192
Rates-funded capital expenditure	123	147			
Debt repayment	-	-			
Investment additions	-	-			
Operational reserve movements	(54)	(55)			
Working capital movements	-	-			
Non-cash items (1)	(129)	(160)			
Net funding required	-	-			

(1) Non-cash items includes depreciation

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the Revenue and Financing Policy in the Policies Document
Please note that all figures on this page exclude GST

Regional Sustainable Development

1. Community outcomes

The Regional Sustainable Development group of activities contributes principally to the following community outcome by developing region-wide strategies that contribute to the economic wellbeing of the region:

Prosperous Community

All members of our community prosper from a strong and growing economy. A thriving business sector attracts and retains a skilled and productive workforce

This group of activities also contributes to the following outcomes:

Essential Service by increasing the resilience of the region through the development of strategies and actions promoting the sustainable use of our natural resources for key services, eg, water and electricity

Entrepreneurial and innovative region through strategies and regional programmes to encourage creativity in key sectors of our region

Connected Community through its focus on the region's transport systems

Healthy Environment through the attention it gives to the impact of urban design and open spaces on the environment and on the reduction of greenhouse gas emissions

2. Key projects 2010-11

- Work alongside the local fibre-optic companies in the region as high-speed broadband is rolled out
- Carry out a review of the Wellington Regional Strategy

3. Key changes from the 10-Year Plan 2009-19 (LTCCP)

Activity: Regional resilience

- There are no significant changes from the *10-Year Plan 2009-19*

Activity: Wellington Regional Strategy

- There are no significant changes from the *10-Year Plan 2009-19*

4. Short-term targets – by 30 June 2011

Activity: Regional resilience

Target	Budget
Progress with resilience planning, such as for climate change and water, will be reported to the satisfaction of the Council	\$125,000

Activity: Wellington Regional Strategy (WRS)

Target	Budget
The WRS Committee will approve the WRS office's annual report on progress with carrying out the WRS	\$400,000
A full and independent review of the WRS will be completed and reported to the WRS Committee	\$50,000
A summit for the major stakeholders of the WRS will be held by 30 November 2010	\$25,000
The WRS committee will receive by 30 April 2011 Grow Wellington's annual report and agree that it reflects Grow Wellington's Statement of Intent and contributes to the WRS	\$4,500,000

FINANCIAL INFORMATION

**REGIONAL SUSTAINABLE DEVELOPMENT
PROSPECTIVE FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE**

	2010/11	2010/11		2010/11	2010/11
	Plan	LTCCP		Plan	LTCCP
	\$000s	\$000s		\$000s	\$000s
FUNDING STATEMENT			OPERATING REVENUE		
General rate	145	104	Regional resilience planning	122	125
Targeted rates	4,500	5,000	Wellington regional strategy	395	156
Government subsidies	-	-	Regional economic development agency	-4,250	5,000
Interest and dividends	-	-			
Other operating revenue	122	177	Total operating revenue	4,767	5,281
Operating revenue	4,767	5,281			
Direct operating expenditure	5,576	5,281	OPERATING EXPENDITURE		
Finance costs	47	-	Regional resilience planning (1)	978	125
Depreciation	-	-	Wellington regional strategy	395	406
Operating expenditure	5,623	5,281	Operate a regional economic development agency	-4,250	-4,750
Operating surplus/(deficit)	(856)	-	Total operating expenditure	5,623	5,281
Less:					
Capital expenditure	-	-	CAPITAL EXPENDITURE		
Proceeds from asset sales	-	-	Land and buildings	-	-
Loan funding	(918)	-	Plant and equipment	-	-
Rates-funded capital expenditure	(918)	-	Vehicles	-	-
Debt repayment	62	-	Total capital expenditure	-	-
Investment additions	-	-			
Operational reserve movements	-	-			
Working capital movements	-	-			
Non-cash items	-	-			
Net funding required	-	-			

(1) Includes expenditure for the "Warm Greater Wellington" programme

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the Revenue and Financing Policy in the Policies Document. Please note that all figures on this page exclude GST.

Community

1. Community outcomes

The Community group of activities primarily contributes to the following community outcome by providing opportunities for all people who live in the region to participate in the Council's decision making:

Strong and Tolerant Community

People are important. All members of our community are empowered to participate in decision making and to contribute to society. We celebrate diversity and welcome newcomers, while recognising the special role of tangata whenua

The group of activities also contributes to the following outcome:

Quality Lifestyle by supporting a key recreational facility of the region.

2. Key projects 2010-11

Democratic services

- Complete the Annual Plan 2011/12 and Annual Report 2009/10
- Conduct the Council's 2010 three-yearly elections
- Implement the committee structure established by the new Council
- Provide training opportunities for newly elected Councillors
- Prepare the Council's Local Governance Statement
- Continue to support the Disability Reference Group

Relationship with Māori

- Carry out the outcomes of the review of the Charter of Understanding

Westpac Stadium

- Monitor the performance of the Westpac Stadium Trust
- Appoint a Greater Wellington Councillor to the trust and jointly with the Wellington City Council appoint the other trustees

3. Key changes from the 10-Year Plan 2009-19 (LTCCP)

Activity: Democratic services

- Provision has been made for the costs of the Te Upoko Taiao – Natural Resource Plan Committee

Activity: Relationship with Māori

- There are no significant changes from the *10-Year Plan 2009-19*

Activity: Westpac Stadium

- There are no significant changes from the *10-Year Plan 2009-19*

4. Short-term targets – by 30 June 2011

Activity: Democratic services

Target	Budget
Elections will be conducted by 30 November 2010 without any need to re-conduct	\$293,000
All meetings will be conducted in accordance with statutory requirements and Council policies	\$1,602,000
Statutory public accountability processes will be completed in accordance with requirements	\$619,000

Activity: Relationship with Māori

Target	Budget
Ara Tahi will <ul style="list-style-type: none">• Meet formally at least six times• Hold at least six technical workshops	\$70,000
There will be Māori representation on all Council committees	\$182,000
Contracts between iwi and Greater Wellington will be in place for agreed projects	\$80,000

Activity: Westpac Stadium

Target	Budget
The financial and operational performance of the Westpac Stadium Trust will be in accordance with its Statement of Intent	\$2,676,000

FINANCIAL INFORMATION

COMMUNITY

PROSPECTIVE FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE

	2010/11	2010/11		2010/11	2010/11
	Plan	LTCCP		Plan	LTCCP
	\$000s	\$000s		\$000s	\$000s
FUNDING STATEMENT			OPERATING REVENUE		
General rate	2,959	2,981	Run a democratic process	3,649	3,808
Targeted rates	2,676	2,673	Relationships with iwi	676	594
Government subsidies	-	-	Repayment of Westpac Stadium advance	3,017	3,015
Interest and dividends	8	8	Total operating revenue	7,342	7,417
Other operating revenue	1,699	1,755			
Operating revenue	7,342	7,417	OPERATING EXPENDITURE		
			Run a democratic process	3,813	3,947
Direct operating expenditure	4,511	4,556	Relationships with iwi	676	594
Finance costs	908	908	Repayment of Westpac Stadium advance	962	959
Depreciation	32	36	Total operating expenditure	5,451	5,500
Operating expenditure	5,451	5,500			
Operating surplus/(deficit)	1,891	1,917	CAPITAL EXPENDITURE		
			Land and buildings	-	-
Less:			Plant and equipment	30	59
Capital expenditure	78	109	Vehicles	48	50
Proceeds from asset sales	(16)	(17)	Total capital expenditure	78	109
Loan funding	-	-			
Rates-funded capital expenditure	62	92			
Debt repayment	1,714	1,714			
Investment additions	-	-			
Operational reserve movements	(195)	(195)			
Working capital movements	-	-			
Non-cash items (1)	310	306			
Net funding required	-	-			

(1) Non-cash items include depreciation and a projected unrealised gain in the advance to the Wellington Regional Stadium Trust. The nominal amount of this advance is \$25 million, and as repayment of the advance gets nearer, a higher projected value is recorded. The projected increase in value is recorded as an unrealised revaluation gain each year.

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the Revenue and Financing Policy in the Policies Document

Please note that all figures on this page exclude GST

Investments

Overview

Greater Wellington has a significant portfolio of investments, comprising:

- Liquid financial deposits
- Administrative properties (eg, depots)
- Forestry and business units
- Equity investments in the WRC Holdings Group (including CentrePort Ltd)
- Rail rolling stock and related transport infrastructure

Greater Wellington's philosophy in managing investments is to optimise returns in the long-term while balancing risk and return considerations. It recognises that as a responsible public authority any investments that it holds should be held for the long-term benefit of the community, with any risk being appropriately managed. It also recognises that lower risk generally means lower returns.

From a risk-management point of view, Greater Wellington is well aware that its investment returns to the rate line are exposed to the success or otherwise of its two main investments – the WRC Holdings Group (including CentrePort Ltd) and its liquid financial deposits. At an appropriate time in the future Greater Wellington believes that it could continue to reduce its risk exposure by reducing its investment holdings and using the proceeds to repay debt. The timing of these investments will be in accordance with Greater Wellington's objective to optimise the overall return to ratepayers.

It is important to appreciate that Greater Wellington's investments contribute approximately 12% to the total level of regional rates. In other words, regional rates would need to be 12% higher were it not for the contribution from Greater Wellington's investments.

Liquid financial deposits

Greater Wellington holds \$33 million in liquid financial deposits as a result of selling its interest in CentrePort Ltd to one of its wholly owned subsidiaries, Port Investments.

Greater Wellington regularly reviews the rationale for holding these liquid financial deposits, taking into account:

- General provisions of our treasury management policy, including Greater Wellington's attitude to risk and creditworthy counterparties.
- Specific provisions of Greater Wellington's treasury management policy to hold sufficient deposits or have committed funds available as part of its self-insurance of infrastructural assets
- The rate of return from alternative uses of these funds
- The requirement to hedge the \$44 million debt within the WRC Holdings Group

Treasury management

Greater Wellington's treasury management is carried out centrally to maximise its ability to negotiate with financial institutions.

Greater Wellington then on-lends these funds to activities that require debt finance. This allows the true cost of debt funding to be reflected in the appropriate areas. The surplus is then used to offset regional rates.

Administrative properties

Our interests in the Upper Hutt and Mabey Road depots and the Masterton office building are grouped to form an investment category, Administrative Properties. It is intended that the new Masterton office building will be constructed for around \$6 million and owned by Pringle House Ltd. Pringle House is a wholly owned Council-Controlled Trading Organisation which currently owns the Regional Council Centre at 142 Wakefield Street, Wellington.

Forestry and business units

Greater Wellington and its predecessor organisations have been involved in forestry for many years, primarily for soil conservation and water quality purposes.

Greater Wellington currently holds 6,000 hectares of plantation and soil conservation reserve forests of which approximately 4,000 hectares are in the western or metropolitan part of the region, with the remaining 2,000 hectares in the Wairarapa.

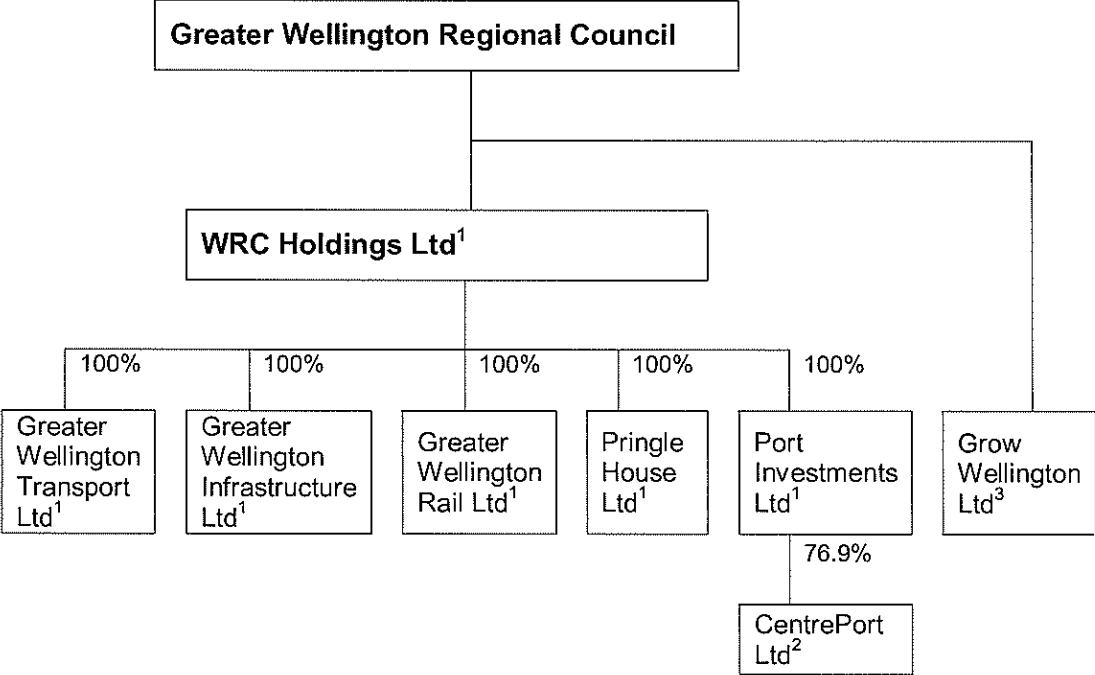
The overall investment policy of Greater Wellington with regard to forestry is to maximise long-term returns while meeting soil conservation, water quality and recreational needs. This policy assumes that harvesting will be on a sustainable yield basis and maintained without any demand on regional rates. In fact, both the

plantation and reserve forest business units are required to budget for an internal dividend irrespective of the projected operating result for the year. The level of internal dividend contribution to the rate line from forestry is currently \$225,000 per year and will continue to be reviewed annually.

Our other business units, BioWorks (pest control) and the Wairarapa Workshop (vehicle equipment and repairs), are also required to return to us an internal dividend in the same way as plantation forestry and reserve forests. The internal dividend rate is based on the net assets employed by each of these businesses. The level of internal dividend will continue to be reviewed annually.

WRC Holdings Group

Greater Wellington has established the following equity investments in the WRC Holdings Group:



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

WRC Holdings Ltd and Port Investments Ltd are in essence investment holding companies. The main operating companies in the Group are CentrePort Ltd and Pringle House Ltd. Each year WRC Holdings Ltd provides to Greater Wellington, as 100% shareholder, a Statement of Intent for the WRC Holdings Group.

The WRC Holdings Group structure was set up for the following reasons that are still applicable:

- Appropriate separation of management and governance
- Imposing commercial discipline on the Group’s activities to produce an appropriate return by ensuring appropriate debt/equity funding and requiring a commercial rate of return
- Separating Greater Wellington’s investment and commercial assets from its public good assets

The WRC Holdings Group is Greater Wellington’s prime investment vehicle and the main mechanism by which it will own and manage any additional equity investments should they be acquired in the future. Periodically, Greater Wellington reviews the structure to determine if it is still an appropriate vehicle for holding its investments.

In addition, Greater Wellington has minor equity interests in Civic Assurance and Airtel Ltd. These investments are owned directly by Greater Wellington rather than via the WRC Holdings Group.

Grow Wellington Ltd acts as an economic development agency. Further discussion on this is included in the Regional Sustainability Development Group of Activities under the activity Wellington Regional Strategy.

WRC Holdings – Statement of Intent

Objectives and activities of the Group

Objectives

The primary objectives of the Group shall be to:

- Support Greater Wellington's strategic vision, operate successful, sustainable and responsible businesses
- Manage its assets prudently
- Where appropriate, provide a commercial return to shareholders
- Adopt policies that prudently manage risks and protect the investment of its shareholders

Activities

WRC Holdings Ltd is the holding company for Pringle House Ltd (PHL), Port Investments Ltd (PIL), Greater Wellington Rail Ltd (GWRL) and, indirectly, CentrePort Ltd. It does the following:

- Owns and operates the Regional Council Centre at 142-146 Wakefield Street, Wellington. The building is owned by PHL who leases it out on commercial terms to Greater Wellington, Vector and AIG. The building's management is undertaken by Greater Wellington's property consultants O'Brien Property Ltd
- Owns Greater Wellington's investments in rail rolling stock via GWRL. GWRL currently owns a number of carriages and units. During 2007/08 a contract was entered into with Rotem Mitsui for the supply of 96 Matangi electric multiple units (EMU). The units will be delivered in stages commencing 2010. The Government has indicated that the rolling stock may be owned in the future by KiwiRail directly. The manner and timing of any transfer/sale has not been finalised
- Owns 76.9% of CentrePort Ltd via PIL and monitors the performance of CentrePort Ltd through the board of PIL

The major activities of CentrePort Ltd are:

- Port infrastructure (land, wharves, buildings, equipment, utilities)
 - Shipping and logistical services (pilotage, towage, berthage)
 - Operational services (cargo handling, warehousing, facilities management, property management, security, emergency services)
 - Integrated logistics solutions (networks, communications, partnerships)
 - Property services (development, leasing management)
 - Joint ventures (cold store, container repair, cleaning, packing, unpacking, storage)
- Effectively manages any other investments held by the Group to maximise the commercial value to shareholders and protect the shareholders' investment
 - Acts as a diligent, constructive and inquiring shareholder

Environmental and social performance targets of the Group

Environment

- Operate in an environmentally and sustainable manner
- Minimise the impact of any of the Group's activities on the environment
- Raise awareness of environmental issues within the Group
- Ensure PHL operates in an energy-efficient manner

Social

- Provide a safe and healthy workplace
- Participate in developing cultural and community activities within the regions that the Group operates
- Help sustain the region's economy

Performance targets for the Group

Financial	2010/11	2011/12	2012/13
Net profit/(deficit) before tax	\$7.4 million	\$7.6 million	\$8.4 million
Net profit/(deficit) after tax ¹	\$4.0 million	\$4.0 million	\$4.3 million
Return on total assets ²	4.5%	3.8%	3.5%
Return on shareholders' funds ³	1.4%	1.2%	1.2%
Dividends ⁴	\$1.0 million	\$0.6 million	\$0.5 million

1. Net profit after tax, but before deduction of minority interest
2. Earnings before interest and tax as a percentage of average total assets
3. Net profit after tax (and after deduction of minority interest) as a percentage of average shareholder equity (excluding minority interest)
4. Dividends (interim and final) paid or payable to the shareholder

Directors of WRC Holdings and its subsidiaries (excluding CentrePort Ltd)

Anne Blackburn
Peter Blades
Ian Buchanan
John Burke
Peter Glensor
Fran Wilde (Chair)

CentrePort Ltd

Statement of corporate intent

Objectives

The *primary* objectives of the company shall be to:

- Operate as a successful, sustainable and responsible business
- Be customer focused and provide superior service
- Be a successful transport and property infrastructure company

The *financial* objectives of the company shall be to:

- Provide a commercial return to shareholders
- Adopt policies that prudently manage risk and protect the investment of shareholders

The *environmental* objectives of the company shall be to:

- Operate in an environmentally responsible and sustainable manner
- Raise awareness of environmental issues within the company
- Liaise with and communicate to stakeholders the company's environment and sustainability performance

The *social* objectives of the company shall be to be socially responsible and have a positive and sustainable impact on the social systems (employees, customers, suppliers, local community and wider society) by:

- Being a learning organisation and superior employer
- Providing a safe and healthy workplace
- Participating in and encouraging development, cultural and community activities within the regions in which the company operates
- Consulting with employees, stakeholders and community where appropriate

Performance targets

Financial	2010/11	2011/12	2012/13
Net profit before tax	\$8.7 million	\$9.5 million	\$11.0 million
Net profit after tax	\$6.7 million	\$7.3 million	\$8.3 million
Return on total assets ¹	6.5%	6.7%	6.9%
Return on shareholders' funds ²	3.5%	3.8%	4.2%
Dividends	\$2.7 million – \$4.0 million	\$2.9 million – \$4.4 million	\$3.3 million – \$5.0 million
Dividend distribution ³	40%–60%	40%–60%	40%–60%

1. Net profit before interest and tax as a percentage of average total assets

2. Net profit after tax as a percentage of average shareholders' funds

3. Dividend as a percentage of net profit after tax

The target for return on shareholders' funds is to be in the top four of comparable New Zealand ports.

Environmental

- Develop and maintain a formal environmental management system consistent with the standards specified in AS/NZ ISO 14001: 2004
- Formally review the company's compliance with all environmental legislation, district and regional plans, and conditions of resource consents held
- Maintain a sustainability programme with measurable performance criteria covering, as a minimum, the monitoring of waste and greenhouse gas emissions
- Undertake the monitoring of environmental discharges in accordance with implemented management plans in the areas of:
 - Port noise
 - Stormwater discharges to the Coastal Marine Area
 - Fumigants associated with the pest treatment of cargoes
- Monitor compliance of methyl bromide use for the fumigation of log shipments and work collaboratively with Greater Wellington and Crown agencies to investigate alternative fumigation options

- Maintain an environment issues register of environmental complaints and issues for monitoring and actioning purposes. The register is to be reported to CentrePort Ltd's Health, Safety and Environmental Committee on a regular basis (meets at least three times per annum)
- Measure and report the impact of CentrePort's commercial activities on regional economic growth
- CentrePort Ltd will hold a minimum of three environmental consultative committee meetings in 2010/11, comprising CentrePort Ltd and effected stakeholders (customers, port users, local authorities Iwi and residential groups). The meetings provide a forum to identify and inform on a range of environmental port related matters

Social

- Measure CentrePort's carbon footprint on an average tonnage and ship call basis, benchmark the footprint against similar entities and develop a plan to reduce that footprint
- Provide opportunities for employee growth, development, improvement and recognition
- Maintain tertiary level of compliance with the ACC Workplace Safety Management Practices Programme and comply with the AS/NZS 4801: Occupational Health and Safety Management Systems
- Carry out an annual review of Health and Safety Policy
- Maintain compliance with the International Ship & Port Security Code, which promotes security against terrorism within the port environment
- Undertake risk assessments and implement any mitigating procedures relating to the Port and Harbour Safety Code, which promotes safety and excellence in marine operations
- Undertake an appropriate level of sponsorship
- Meet regularly with representative community groups

General

The company will, in consultation with shareholders, continue to develop performance targets in the financial, environmental and social areas to be able to maintain triple bottom line reporting in accordance with best practice.

When developing "property held for development", the board is to adhere to the following principles:

- Properties may be developed without the building being fully pre-let, as long as tenancy risk is managed prudently
- Property developments must not compromise port operations
- Developments are to be undertaken only if they are able to be funded without additional capital from shareholders

Shareholders of CentrePort Ltd

- Port Investments Ltd: 76.9%
- Horizons Regional Council: 23.1%

Directors of Centreport Ltd

David Benham
 Richard Janes
 Jim Jefferies
 Malcolm Johnson
 Warren Larsen (Chair)
 Mark Petersen

Financial information

	2010/11 \$000s	2011/12 \$000s	2012/13 \$000s
Income statement			
Operating revenue	12,039	10,684	11,090
Operating expenditure	9,083	9,033	9,561
Earnings before interest	2,956	1,651	1,529
Net interest	2,306	4,007	3,940
Internal income ¹	14,125	12,825	2,400
Operating surplus/(deficit)	19,387	18,484	7,869
Less:			
Contribution to general rates	6,838	8,635	9,133
Earnings retained	12,549	9,849	(1,264)
Operating surplus of individual investments			
Liquid financial deposits	1,997	1,795	1,924
WRC Holdings ¹	15,145	13,902	3,359
Treasury management	4,346	4,983	5,625
Forestry	(585)	(991)	(1,481)
Business units and property	124	(120)	(508)
Operating surplus	21,027	19,569	8,919

	2010/11 \$000s	2011/12 \$000s	2012/13 \$000s
Net contribution to general rates from individual investments			
Liquid financial deposits	1,997	1,795	1,924
WRC Holdings	1,020	1,077	959
Treasury management	3,560	6,074	6,662
Forestry	225	225	225
Business units and property	73	(206)	(509)
Total contribution to general rates	6,875	8,965	9,261

1. Internal income is used to fund the new Matangi trains purchase carried out by the 100% Council-Controlled Trading Organisation, Greater Wellington Rail Ltd

Please note that all figures on this page exclude GST

FINANCIAL INFORMATION

INVESTMENTS

PROSPECTIVE FUNDING IMPACT STATEMENT

	2010/11	2010/11		2010/11	2010/11
	Plan	LTCCP		Plan	LTCCP
	\$000s	\$000s		\$000s	\$000s
INCOME STATEMENT			NET CONTRIBUTION		
Operating revenue	12,039	12,274	TO GENERAL RATES FROM		
Operating expenditure	9,083	9,489	INDIVIDUAL INVESTMENTS		
Earnings before interest	2,956	2,785	Liquid financial deposits	1,997	1,819
Net interest	2,306	1,775	WRC Holdings	1,021	930
Internal income (1)	14,125	16,752	Treasury management	3,523	3,274
Operating surplus/(deficit)	19,387	21,312	Forestry	225	225
Less:			Business units and property	72	(216)
Contribution to general rates	6,838	6,032	Total contribution to general rates	6,838	6,032
Earnings retained	12,549	15,280			
OPERATING SURPLUS OF					
INDIVIDUAL INVESTMENTS					
Liquid financial deposits	1,997	1,819			
WRC Holdings	15,145	17,643			
Treasury management	2,706	2,033			
Forestry	(585)	(91)			
Business units and property	124	(92)			
Operating surplus	19,387	21,312			

(1) Internal income is used to fund the new Matangi trains purchase carried out by the 100% Council-Controlled Trading Organisation, Greater Wellington Rail Ltd

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the Revenue and Financing Policy in the Policies Document
Please note that all figures on this page exclude GST

Significant forecasting assumptions

These prospective financial statements were authorised for issue by Greater Wellington on 4 March 2010. Greater Wellington is responsible for these prospective financial statements, including the appropriateness of the assumptions and other disclosures.

Greater Wellington's planning processes are governed by the Local Government Act 2002 (the Act). The Act requires Greater Wellington to prepare a 10-year long-term council community plan (10-Year Plan) every three years and an Annual Plan, which updates the 10-Year Plan by exception, in the intervening years. This is Greater Wellington's proposed Annual Plan 2010/11 and is prepared in accordance with the Act. Caution should be exercised in using these financial statements for any other purpose.

Assumptions

The prospective financial information contained in this Proposed Annual Plan is based on assumptions that Greater Wellington reasonably expected to occur as at 4 March 2010. Actual results are likely to vary from the information presented and these variations may be material.

The following are the key assumptions used in preparing this Annual Plan:

- In respect of 2010/11, financial projections have been calculated in estimated 2010/11 dollars
- Funding assistance will be provided by Crown agencies, primarily the New Zealand Transport Agency at the following levels (percentage of cost):

Operations funding assistance rates

Administration funding (public transport)	50%
Administration funding (planning)	25%
Travel demand management	75%
Rail services	60%
Bus and ferry services	50%
Infrastructure maintenance and operations	60%

Improvement projects funding assistance rates

All rail projects	90%
Real-time information system	80%
Electronic ticketing	80%

- No revaluation of property, plant and equipment is projected, as this would not have a material effect on the prospective financial information
- For water supply purposes, the population of the four city councils in the region will continue to grow at a rate midway between the high and medium-growth forecasts of Statistics New Zealand
- The water supply security of supply standard will continue to be a 2% probability of a shortfall event – 1 in 50-year drought. (An "event" is defined as a year that contains at least one shortfall day)
- There will be no requirement for major capital works arising from the Ministry of Health's ongoing reviews of drinking water standards
- The review of Greater Wellington's Regional Freshwater Plan in 2010 will not impact significantly on the allocation of water for public water supply purposes
- Any increase in costs from the introduction of an emission trading scheme, is included in projected expenditure
- Greater Wellington's external interest rate will be 5.65%
- There will not be any significant changes in planned service levels
- There will be no major changes to key legislation affecting Greater Wellington's activities
- There will not be any major flood events
- Asset lives will be in accordance with Greater Wellington's accounting policies
- Passenger transport infrastructure investment and other capital expenditure will be partly funded by debt. Debt repayments have been estimated in accordance with the Treasury Management Policy
- Greater Wellington has entered into a number of bus contracts to supply public transport services. Included in these contracts is an index which may require Greater Wellington to make additional payments depending on whether the index increases or not. The index is calculated on a number of

factors, including the New Zealand dollar price for diesel, staff costs, etc. For 2010/11, the diesel price is assumed to be US\$80/barrel and a US\$/NZ\$ exchange rate of 0.70

- It should be noted that an additional US\$10 per barrel on the oil prices would require an increase of \$0.8 million in rates, while a fall in the New Zealand dollar by 10 percentage points would increase rates by \$1.1 million
- There will not be any funding of depreciation of infrastructure assets as they are loan funded in accordance with the Revenue and Financing Policy. Greater Wellington believes this is financially prudent

Risks to assumptions

The table opposite outlines the risks to significant forecasting assumptions. If these assumptions prove to be incorrect, there could be a significant effect on the level of rates that Greater Wellington plans to collect from the community. In this situation, Greater Wellington will re-examine its work programmes and determine if it is appropriate to rate the community, or in fact change the scope of those programmes.

Greater Wellington has considered each of its activities in terms of the requirements of Schedule 10 of the Local Government Act 2002. There are no significant negative effects on the social, economic, environmental or cultural wellbeing of the local community resulting from any activity, except where stated.

Prospective comprehensive income statement

A further breakdown of operating revenue and operating expenditure is contained in the Prospective Funding Impact Statement on pXXX.

Differential rating categories

Each rating unit is allocated to a differential rating category (based upon location and/or land use) for the purpose of calculating the general rate or any specific targeted rate based upon capital or land value.

As Greater Wellington rates are invoiced and collected by each of the territorial authorities in the Wellington region, Greater Wellington is limited to using rating categories based on those used by each of the territorial authorities.

Set out below are the definitions used by the Greater Wellington to allocate rating units into rating categories. For more information on the specific territorial authority categories, please refer to their planning documents or websites.

• Rates based on land area

Some rating units (either in whole or part) are allocated to additional differential rating categories for the purpose of calculating the bovine Tb and Wairarapa schemes targeted rate based upon land area. This may be based upon the area of land within each rating unit and the provision of a service provided or its location. Some schemes have an additional fixed charge per separate use or inhabited part.

Rating units subject to these rates are shown within an approved classification register for each scheme. For more information on whether your rating unit is allocated to one or more of these categories, please contact Greater Wellington's Masterton office.

• Economic development agency rate (EDA)

Funding for the EDA ceases after 30 June 2012. A decision about whether or not to continue the activity will follow a review that will be undertaken before 30 June 2011.

• Warm Greater Wellington rate

The Energy Efficiency and Conservation Authority (EECA) provide grants to part-fund retrofitting of home insulation or installation of clean heat appliances. As part of this scheme Greater Wellington may also provide assistance to fund some or all of the remaining costs of insulation or clean heat. If such assistance is made it will be recovered over 10 years (or sooner if certain criteria are met) by way of a targeted rate set on those properties benefiting from this service.

Risk to assumption	Risk level	Likely financial effect	Consequence/mitigation strategy
Inflation is lower or higher	Medium	Medium	Changes the level of rates and debt levels
Interest rates are higher or lower	Medium	Medium	Changes the level of rates and debt levels/offset by hedging strategies
Funding from the New Zealand	Medium	High	Changes the level of rates and debt.

Transport Agency is higher or lower			Examine service levels and work programme, and adjust if necessary. Greater Wellington to maintain a strong working relationship with the New Zealand Transport Agency
Exchange rate and/or the oil price is higher or lower, affecting the costs of our bus contracts	High	High	Change the levels of rates and hedging of the New Zealand dollar oil price
A natural disaster/flood event occurs which damages Greater Wellington's property, plant and equipment	Medium	Low-High	Call on insurance and self-insurance funds, adjust operating programmes and change the level of rates and debt if necessary

Statement of significant accounting policies

Reporting entity

Greater Wellington is a regional local authority governed by the Local Government Act 2002. It has not presented group prospective financial statements because it believes that the parent prospective financial statements are more relevant to users. The main purpose of prospective financial statements in the Annual Plan 2010/11 is to provide users with information about the core services that Greater Wellington intends to provide ratepayers, the expected cost of those services and, as a consequence, how much Greater Wellington requires by way of rates to fund the intended levels of service. The level of rates funding required is only affected by the extent that Greater Wellington obtains distributions from, or further invests in, those subsidiaries. Such effects are included in the prospective financial statements presented.

For the purposes of financial reporting, Greater Wellington is designated as a public benefit entity. The subsidiary companies comprise WRC Holdings, Pringle House Limited, Port Investments Limited, Greater Wellington Rail Limited, Greater Wellington Transport Limited, Greater Wellington Infrastructure Limited, Grow Wellington Limited and CentrePort Limited. All subsidiaries, except Grow Wellington Limited, are designated as profit-oriented entities. Grow Wellington Limited is designated as a public benefit entity.

Statement of compliance

The prospective financial statements of Greater Wellington have been prepared in accordance with the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). With the exception of applying the public benefit entity exemption to capitalising interest costs on qualifying assets, these statements comply with FRS 42 Prospective Financial Statements, NZ IFRS, and other applicable financial reporting standards, as appropriate for public benefit entities. The financial statements use opening balances from the period ending 30 June 2010. Estimates have been restated accordingly if required.

The preparation of financial statements in conformity with NZ GAAP requires management to make judgements, estimates and assumptions that affect the application of policies and projected amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These results form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Accounting policies

Basis of preparation

The prospective financial statements are presented in New Zealand dollars, rounded to the nearest thousand and have been prepared on a historical cost basis, except for investment properties, forestry assets, derivative financial instruments and certain infrastructural assets that have been measured at fair value.

The accounting policies set out below have been applied consistently to all periods presented in these prospective financial statements.

Revenue recognition

Revenue is recognised when billed or earned on an accrual basis.

Rates and levies

Rates and levies are a statutory annual charge and are recognised in the year the assessments are issued.

Government grants and subsidies

Greater Wellington receives government grants from the New Zealand Transport Agency, which subsidises part of Greater Wellington's costs in providing public transport subsidies to external transport operators and for capital purchases of rail rolling stock within Greater Wellington's subsidiaries and transport network upgrades owned by Ontrack.

The grants and subsidies are recognised as revenue when eligibility has been established by the grantor. Other grants and contributions from territorial authorities are recognised in the comprehensive income statement when eligibility has been established by the grantor.

Sale of goods

Revenue on the sale of goods is recognised when all risks are transferred to the buyer and there is no longer control or managerial involvement with the goods.

Rendering of services

Revenue from services rendered is recognised by reference to stage of completion of the service.

Dividends

Revenue from dividends is recognised on an accrual basis (net of imputation credits) once the shareholder's right to receive payment is established.

Interest

Interest is accrued using the effective interest rate method. The effective interest rate method discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Other revenue

Other income is also recognised on an accrual basis. Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in Greater Wellington are recognised as revenue when control over the asset is obtained.

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred in accordance with the public benefit entity exemption in NZIAS 23.

Property, plant and equipment

Property, plant and equipment consists of operational and infrastructure assets. Expenditure is capitalised when it creates a new asset or increases the economic benefits over the total life of an existing asset. Costs that do not meet the criteria for capitalisation are expensed.

The initial cost of property, plant and equipment includes the purchase consideration and those cost that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose.

Property, plant and equipment are categorised into the following classes:

- Operational land and buildings
- Operational plant and equipment
- Operational vehicles
- Flood protection infrastructural assets
- Transport infrastructural assets
- Rail rolling stock
- Navigational aids infrastructural assets
- Parks and forests infrastructural assets
- Water supply infrastructural assets
- Capital work in progress

All property, plant and equipment are initially recorded at cost.

Valuations

Valuations for water supply, parks and forests, flood protection and transport infrastructural assets are carried out or reviewed by independent qualified valuers. They are carried out at regular intervals.

Any increase in the value of a class of assets on revaluation is recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus.

However, if it offsets a previous decrease in value for the same asset recognised in the comprehensive income statement, then it is recognised in the comprehensive income statement. A decrease in the value of a class of assets on revaluation is recognised in the comprehensive income statement where it exceeds the increase of that class of asset previously recognised in equity under the heading of revaluation surplus.

The remaining property, plant and equipment are recorded at cost, less accumulated depreciation and impairment. Cost represents the value of the consideration given to acquire the assets and the value of other directly attributable costs that have been incurred in bringing the assets to the location and condition necessary for their intended service. All property plant and equipment, except land, are depreciated.

Depreciation

Depreciation is provided on a straight-line basis on all tangible property, plant and equipment other than land and capital works in progress, at rates which will write off assets, less their estimated residual value over their

remaining useful lives.

The useful lives of major classes of assets have been estimated as follows:

Operational land and buildings	10 years to indefinite
Operational plant and equipment	2 to 20 years
Operational vehicles	3 to 10 years
Flood protection infrastructural assets	15 to indefinite
Transport infrastructural assets	5 to 50 years
Rail rolling stock	15 to 35 years
Navigational aids infrastructural assets	5 to 50 years
Parks and forests infrastructural assets	10 to 100 years
Water supply infrastructural assets	3 to 150 years
Capital work in progress is not depreciated	

Stopbanks included in the flood protection infrastructure asset class are maintained in perpetuity. Annual inspections are undertaken to ensure design standards are being maintained and to check for impairment. As such, stopbanks are considered to have an indefinite life and are not depreciated.

Intangible assets

Software is carried at cost, less any accumulated amortisation and impairment losses. It is amortised over the useful life of the asset is 1-5 years.

Impairment

All assets are reviewed annually to determine if there is any indication of impairment.

An impairment loss is recognised when its carrying amount exceeds its recoverable amount. Losses resulting from impairment are accounted for in the comprehensive income statement, unless the asset is carried at a revalued amount, in which case any impairment loss is treated as a revaluation decrease.

Recoverable amount

The recoverable amount of an asset is the greater of the net selling price and value in use.

Value in use

Value in use for Greater Wellington assets is calculated as being the depreciated replacement cost of the asset.

Forestry investments

Forestry investments are stated at fair value, less point-of-sale costs. They are independently revalued to an estimate of market valuation based on net present value. The net gain or loss arising from changes in forestry valuation is included in the comprehensive income statement.

Financial instruments

Greater Wellington classifies its financial assets and liabilities according to the purpose for which they were acquired.

Financial assets and liabilities are only offset when there is a legally enforceable right to offset them and there is an intention to settle on a net basis.

Financial assets

Greater Wellington's financial assets are categorised as follows:

- **Financial assets at fair value accounted through the comprehensive income statement**

Financial assets are classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Gains or losses on re-measurement are recognised in the comprehensive income statement.

- **Financial assets at fair value accounted through equity**

Financial assets are classified in this category if they were not acquired principally for selling in the short term. After initial recognition these assets are measured at their fair value. Any gains and losses are recognised directly to equity, except for impairment losses which are recognised in the

comprehensive income statement.

Available-for-sale financial assets are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets are initially recorded at fair value plus transaction costs when that can be reliably estimated. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised directly through equity. If there is no active market, no intention to sell the asset and fair value cannot be reliably measured, the item is measured at cost.

Fair value is equal to Greater Wellington's share of the net assets of the entity. Upon sale, the cumulative fair value gain or loss previously recognised directly in equity is recognised in the comprehensive income statement.

- **Loans and receivables**

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or sold are accounted for in the comprehensive income statement.

- **Held to maturity investments**

These are assets with fixed or determinable payments with fixed maturities that Greater Wellington has the intention and ability to hold to maturity. After initial recognition they are recorded at amortised cost using the effective interest method. Gains and losses when the asset is impaired or settled are recognised in the comprehensive income statement.

Cash and cash equivalents comprise cash balances and call deposits with up to three months maturity from the date of acquisition. These are recorded at their nominal value.

Financial liabilities

Financial liabilities comprise trade, other payables and borrowings. Financial liabilities with duration of more than 12 months are recognised initially at fair value, less transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method. Amortisation is recognised in the comprehensive income statement, as is any gain or loss when the liability is settled. Financial liabilities entered into with duration of less than 12 months are recognised at their nominal value.

Derivative financial instruments

Greater Wellington uses derivative financial instruments to manage its exposure to interest rate and foreign exchange risks arising from its operational, financing and investment activities. In accordance with its treasury policies, Greater Wellington does not hold or issue derivative financial instruments for trading purposes. Derivatives are accounted for as trading instruments.

Derivative financial instruments are initially recognised at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. For those instruments that do not qualify for hedge accounting, the gain or loss on re-measurement to fair value is recognised immediately in the comprehensive income statement.

The fair value of an interest rate swap is the estimated amount that Greater Wellington would receive or pay to terminate the swap at balance date, based on current interest rates. The fair value of forward exchange contracts is their quoted market price at the balance date.

Non-current assets held for sale

Non-current assets (and disposal groups) classified as held-for-sale are measured at the lower of carrying amount and fair value, less costs to sell.

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. The sale of the asset (or disposal group) is expected to be completed within one year from the date of classification.

Inventories

Inventories are valued at the lower of cost or net realisable value on a first-in first-out basis.

The value of harvested timber is its fair value, less estimated point-of-sale costs at the date of harvest. Any change in value at the date of harvest is recognised in the comprehensive income statement.

Income tax

Income tax in the comprehensive income statement for the year comprises current and deferred tax. Income tax is usually recognised in the comprehensive income statement except to the extent that it relates to items recognised directly in equity. In this case that amount is recognised in equity.

Deferred tax is provided using the balance sheet liability method. This provides for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures, except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Foreign currency

In the event that Greater Wellington has any material foreign currency risk, it will be managed by derivative instruments to hedge the currency risk.

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to New Zealand dollars at the foreign exchange rate ruling at that date. Foreign exchange gains and losses arising on their translation are recognised in the comprehensive income statement.

Employee entitlements

A provision for employee entitlements is recognised as a liability in respect of benefits earned by employees but not yet received at balance date. Employee benefits include salaries, annual leave and long-service leave. Where the benefits are expected to be paid for within 12 months of balance date, the provision is the estimated amount expected to be paid by Greater Wellington. The provision for other employee benefits is stated at the present value of the future cash outflows expected to be incurred. Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the comprehensive income statement as incurred.

Greater Wellington belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme. Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

Provisions

A provision is recognised in the balance sheet when Greater Wellington has a present legal or constructive obligation as a result of a past event and it is probable that an amount will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Goods and services tax (GST)

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated as GST inclusive.

Leases

Greater Wellington leases office space, office equipment, vehicles, land and buildings.

Operating lease payments, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are charged as expenses in the periods in which they are incurred.

Overhead allocation and internal transactions

Greater Wellington allocates overhead from support service functions on a variety of different bases that are largely determined by usage. The treasury operation of Greater Wellington is treated as an internal banking activity. Any surplus generated is credited directly to the comprehensive income statement.

Individual significant activity operating revenue and operating expenditure is stated inclusive of any internal revenues and internal charges. These internal transactions are eliminated in Greater Wellington's prospective financial statements.

The Democratic Services costs have not been allocated to significant activities, except where there is a major separate community of benefit other than the whole region, ie, water supply and regional transport.

Equity

Equity is the community's interest in Greater Wellington and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of components to enable clearer identification of the specified uses of equity within Greater Wellington.

The components of equity are accumulated funds and retained earnings, revaluation reserves and restricted funds.

Statement of cashflows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which Greater Wellington invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources of Greater Wellington and the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure.

Changes in accounting policies

There have been no changes from the accounting policies adopted in the last audited financial statements.

Standards, amendments and interpretations that are not yet effective and have not been early adopted

No standards issued are considered to have no material future impact on Greater Wellington.

TOTAL COUNCIL FINANCIAL STATEMENTS
PROSPECTIVE COMPREHENSIVE INCOME STATEMENT
FOR THE YEAR ENDING 30 JUNE

	2009/10	2010/11	2010/11
	Budget	Plan	LTCCP
	\$000s	\$000s	\$000s
OPERATING REVENUE			
General rates	25,828	26,629	28,258
Targeted rates	53,265	54,207	59,473
Regional rates	79,093	80,836	87,731
Water supply levy	23,460	23,460	24,743
Government subsidies	191,966	233,070	250,883
Interest and dividends	3,743	3,231	3,298
Other operating revenue	16,545	15,320	15,802
Total external operating revenue	314,807	355,917	382,457
OPERATING EXPENDITURE			
Personnel costs	32,836	33,422	33,535
Grants and subsidies	72,728	64,313	70,226
Finance costs	5,999	8,095	9,165
Depreciation	10,389	10,833	11,909
Other operating expenses	40,550	41,916	43,050
Total external operating expenditure	162,502	158,579	167,885
Operating surplus before transport improvement grants (1)	152,305	197,338	214,572
Transport improvement grants (1)	152,534	202,213	211,826
Operating surplus/(deficit)	(229)	(4,875)	2,746
Other comprehensive income			
Unrealised revaluation gains	1,333	1,781	1,678
Total comprehensive income for year	1,104	(3,094)	4,424

(1) Public transport improvements include capital grants to external public organisations and the 100% Council Controlled Trading Organisation, Greater Wellington Rail Ltd, for improvements to public transport infrastructure where Greater Wellington will not own the resulting asset. These improvements include trolley bus overhead wire renewals, rail infrastructure, rail track renewals and the new Matangi trains

Please note that all figures on this page exclude GST.

TOTAL COUNCIL FINANCIAL STATEMENTS
PROSPECTIVE STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE

	2009/10	2010/11	2010/11
	Budget	Plan	LTCCP
	\$000s	\$000s	\$000s
Total opening ratepayers' funds	633,739	652,546	634,843
Total comprehensive income for year	1,104	(3,094)	4,424
Movements in revaluation reserve (1)	-	-	-
Movement in ratepayers funds for year	1,104	(3,094)	4,424
Closing ratepayers' funds	634,843	649,452	639,267
Components of ratepayers funds			
Opening accumulated funds	339,126	355,174	341,727
Total comprehensive income for year	1,104	(3,094)	4,424
Movements in other reserves	1,497	2,089	1,891
Movement in accumulated funds for year	2,601	(1,005)	6,315
Closing accumulated funds	341,727	354,169	348,042
Opening other reserves	14,452	14,871	12,955
Movements in other reserves	(1,497)	(2,089)	(1,891)
Movement in ratepayers funds for year	(1,497)	(2,089)	(1,891)
Closing other reserves	12,955	12,782	11,064
Opening asset revaluation reserves	280,161	282,501	280,161
Movements in revaluation reserve (1)	-	-	-
Movement in asset revaluation reserve for year	-	-	-
Closing asset revaluation reserve	280,161	282,501	280,161
Closing ratepayers' funds	634,843	649,452	639,267

(1) No revaluations of property plant and equipment are forecast in 2010/11

Please note that all figures on this page exclude GST.

**TOTAL COUNCIL FINANCIAL STATEMENTS
PROSPECTIVE BALANCE SHEET
AS AT 30 JUNE**

	2009/10 Budget \$000s	2010/11 Plan \$000s	2010/11 LTCCP \$000s
ASSETS			
Cash and other equivalents	37,330	30,664	39,539
Investments (current)	14,954	22,145	14,954
Other current assets	26,121	38,176	26,121
Current assets	78,405	90,985	80,614
Investments (non-current)	4,614	4,803	4,954
Forestry investments	12,710	17,463	14,448
Investment in subsidiary	43,541	53,511	59,873
Property, plant and equipment	647,131	661,949	667,990
Non-current assets	707,996	737,726	747,265
Total assets	786,401	828,711	827,879
RATEPAYERS' FUNDS			
Retained earnings	341,727	354,169	348,042
Reserves	293,116	295,283	291,225
Total ratepayers' funds	634,843	649,452	639,267
LIABILITIES			
Debt (current)	45,780	28,901	42,378
Other current liabilities	26,085	30,710	26,085
Current liabilities	71,865	59,611	68,463
Debt (non-current)	79,693	119,648	120,149
Non-current liabilities	79,693	119,648	120,149
Total liabilities	151,558	179,259	188,612
Total equity and liabilities	786,401	828,711	827,879

Please note that all figures on this page exclude GST.

TOTAL COUNCIL FINANCIAL STATEMENTS
PROSPECTIVE STATEMENT OF CASHFLOWS
FOR THE YEAR ENDING 30 JUNE

	2009/10	2010/11	2010/11
	Budget	Plan	LTCCP
	\$000s	\$000s	\$000s
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash is provided from:			
Regional rates	79,093	80,836	87,731
Water supply levy	23,460	23,460	24,743
Government subsidies	191,966	233,070	250,883
Interest and dividends	3,743	3,231	3,298
Fees, charges and other revenue	16,545	15,320	15,802
	<u>314,807</u>	<u>355,917</u>	<u>382,457</u>
Cash is disbursed to:			
Interest	5,779	7,899	8,983
Payment to suppliers and employees	297,993	341,026	357,797
	<u>303,772</u>	<u>348,925</u>	<u>366,780</u>
Net cash flows from operating activities	11,035	6,992	15,677
CASHFLOWS FROM INVESTING ACTIVITIES			
Cash is provided from:			
Sale of property, plant and equipment	357	438	422
	<u>357</u>	<u>438</u>	<u>422</u>
Cash is applied to:			
Purchase of property, plant and equipment	32,136	28,301	33,190
Investment additions	6,218	14,125	16,332
	<u>38,354</u>	<u>42,426</u>	<u>49,522</u>
Net cashflows from investing activities	(37,997)	(41,988)	(49,100)

Please note that all figures on this page exclude GST.

**TOTAL COUNCIL FINANCIAL STATEMENTS
PROSPECTIVE STATEMENT OF CASHFLOWS
FOR THE YEAR ENDING 30 JUNE**

	2009/10	2010/11	2010/11
	\$000s	\$000s	\$000s
CASHFLOWS FROM FINANCING ACTIVITIES			
Cash is provided from:			
Loan funding	40,337	49,571	49,689
Cash is applied to:			
Debt repayment	11,326	13,043	14,057
Net cashflows from financing activities	29,011	36,528	35,632
Net increase/(decrease) in cash and cash equivalents	2,049	1,532	2,209
Opening cash and cash equivalents	35,281	29,132	37,330
Closing cash and cash equivalents	37,330	30,664	39,539

Please note that all figures on this page exclude GST

TOTAL COUNCIL FINANCIAL STATEMENTS
PROSPECTIVE REGIONAL RATES AND CAPITAL EXPENDITURE
FOR THE YEAR ENDING 30 JUNE

	2009/10	2010/11	2010/11
	Budget	Plan	LTCPP
	\$000s	\$000s	\$000s
REGIONAL RATES			
Resource management	9,787	9,882	10,095
Transport	40,835	41,440	46,102
Parks and forests	5,510	5,378	5,730
Safety and flood protection	13,971	14,886	15,096
Land management	4,997	4,994	5,231
Regional sustainable development	4,595	4,645	5,104
Community	5,469	5,635	5,654
Investments (1)	(6,945)	(6,838)	(6,032)
Other	874	814	751
Total regional rates	79,093	80,836	87,731
CAPITAL EXPENDITURE			
Resource management	318	213	189
Transport (2)	9,424	6,030	9,815
Water supply	8,003	11,730	10,845
Parks	817	270	303
Safety and flood protection	10,443	7,376	6,919
Land management	419	164	192
Community	15	78	109
Investments	832	1,416	4,030
Other	1,865	1,024	788
Total capital expenditure	32,136	28,301	33,190

(1) Investment returns reduce the requirement for rates

(2) Transport capex excludes capital grants provided to Greater Wellington Rail Limited for the purchase of rail rolling stock. See the Public Transport financial forecast for more information.

TOTAL COUNCIL FINANCIAL STATEMENTS
PROSPECTIVE DEBT
AS AT 30 JUNE

	2009/10	2010/11	2010/11
	Budget	Plan	LTCCP
	\$000s	\$000s	\$000s
Resource management	781	523	611
Transport	55,144	71,766	76,356
Water supply	45,316	52,036	51,740
Parks and forests	3,455	3,285	3,355
Flood protection	38,413	44,207	42,107
Harbour management	968	865	884
Stadium	15,034	13,320	13,320
Forestry	28,620	32,744	30,962
Property	2,404	1,022	5,451
Corporate systems	3,197	2,314	2,462
Total activities debt	193,332	222,082	227,248
Treasury internal funding (1)	(67,859)	(73,533)	(64,721)
Total external debt	125,473	148,549	162,527
External debt (current)	45,780	28,901	42,378
External debt (non-current)	79,693	119,648	120,149
Total external debt	125,473	148,549	162,527

(1) Greater Wellington manages community outcome debt via an internal debt function. External investments and debt are managed through a central treasury management function in accordance with the Treasury Management Policy

**TOTAL COUNCIL FINANCIAL STATEMENTS
PROSPECTIVE FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE**

	2009/10	2010/11	2010/11
	Budget	Plan	LTCCP
	\$000s	\$000s	\$000s
OPERATING REVENUE			
General rates	25,828	26,629	28,258
Targeted rates (1)	53,265	54,207	59,473
Regional rates	79,093	80,836	87,731
Water supply levy	23,460	23,460	24,743
Government subsidies	191,966	233,070	250,883
Interest and dividends	3,743	3,231	3,298
Unrealised revaluation gains	1,333	1,781	1,678
Other operating revenue	16,545	15,320	15,802
Total external operating revenue	316,140	357,698	384,135
OPERATING EXPENDITURE			
Personnel costs	32,836	33,422	33,535
Grants and subsidies (1)	72,728	64,313	70,226
Finance costs	5,999	8,095	9,165
Investment impairment	-	-	-
Depreciation	10,389	10,833	11,909
Tax expense	-	-	-
Other operating expenses	40,550	41,916	43,050
Total external operating expenditure	162,502	158,579	167,885
Operating surplus/(deficit) before transport improvement grants (1)	153,638	199,119	216,250
Transport improvement grants (1)	152,534	202,213	211,826
Operating surplus/(deficit) (1)	1,104	(3,094)	4,424
Less:			
Capital expenditure and transport investments	32,136	28,301	33,190
Proceeds from asset sales	(357)	(438)	(422)
Loan funding of capital expenditure	(19,018)	(20,345)	(20,462)
Rate, levy and subsidy-funded capital expenditure	12,761	7,518	12,306
Loan funding of public transport (1)	(17,167)	(23,035)	(22,710)
Other loan funding	(4,373)	(6,389)	(6,699)
Debt repayment	12,823	15,132	15,947
Other investment movements	8,268	15,657	18,541
Operational reserve movements	(1,497)	(2,089)	(1,891)
Non-cash items (2)	(9,711)	(9,888)	(11,070)
Net funding required	-	-	-

(1) Public transport improvements include capital grants to external public organisations and the 100% Council Controlled Trading Organisation, Greater Wellington Rail Ltd, for improvements to public transport infrastructure where Greater Wellington will not own the resulting asset. These improvements include trolley bus overhead wire renewals, rail infrastructure, rail track renewals and the new Matangi trains

(2) Non-cash items include depreciation, forestry cost of goods sold and unrealised revaluation gains

Please note that all figures on this page exclude GST.

Funding impact statement

Funding mechanisms	Groups of activities funded	Valuation system	Matters for differentiation/categories of land	Calculation factor
General rate				
General rate	All except water supply, transport, Warm Greater Wellington, economic development and regional stadium	Capital value	Where the land is situated	Cents per dollar of rateable capital value
Targeted rates				
Transport	Transport	Capital value	Where the land is situated and the use to which the land is put	Cents per dollar of rateable capital value
River management	Safety and flood protection	Capital value/land value	Where the land is situated	Cents per dollar of rateable capital value/land value
Stadium purposes	Community	Capital value	Where the land is situated and the use to which the land is put	Cents per dollar of rateable capital value
Economic development agency	Community	Capital value for business	Where the land is situated and the use to which the land is put	Cents per dollar of rateable capital value
		n/a for residential	Where the land is situated and the use to which the land is put	Fixed dollar amount per rating unit
		n/a for rural	Where the land is situated and the use to which the land is put	Fixed dollar amount per rating unit
Warm Greater Wellington	Regional sustainable development	Extent of service provided	Provision of service to the land	Extent of service provided calculated as a percentage of the service
Bovine Tb	Land	Land area	The area of land within each rating unit and provision of a service provided	Dollars per hectare
Wairarapa river management schemes	Safety and flood protection	Land area/inhabited parts/services provided	Where the land is situated (in some cases set under section 146 of the Local Government (Rating) Act 2002 using approved classification and differential registers) and/or the benefits accruing through the provision of services and in some cases use	Dollars per hectare in the area protected, or dollars per point attributed to each rating unit and in some cases a fixed charge per separately used or inhabited part (dwelling)
Wairarapa catchment schemes	Land	Land area/land value/inhabited part(s)	Where the land is situated (in some cases set under S146 of the Local Government (Rating) Act 2002 using approved classification and differential registers) and in some cases use and land value	Dollars per hectare or cents per metre of river frontage in the area protected and in some cases a fixed charge nnuual Pper separately used or inhabited part (dwelling) and cents per dollar of rateable land value

Wairarapa drainage schemes	Safety and flood protection	Land area	Where the land is situated (in some cases set under S146 of the Local Government (Rating) Act 2002 using approved classification and differential registers)	Dollars per hectare in the area protected
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Differential on the general rate – Greater Wellington uses an “estimate of projected valuation” under section 131 of the Local Government (Rating) Act 2002 to recognise that valuation dates vary across the region.

1. “Separately used or inhabited part” (dwelling) includes any part of a rating unit separately used or inhabited by the owner or any other person who has the right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement. At a minimum, the land or premises intended to form the separately used or inhabited part of the rating unit must be capable of actual habitation, or actual separate use. To avoid doubt, a rating unit that has only one use (ie, it does not have separate parts or is vacant land) is treated as being one separately used or inhabited part (dwelling)

General rate	2010/11 Proposed cents per \$ of rateable capital value	2010/11 Revenue sought \$	Targeted rate: Transport	2010/11 Proposed cents per \$ of rateable capital value	2010/11 Revenue sought \$
Wellington city	0.03222	14,321,138	Wellington city		
Lower Hutt city	0.02961	5,294,249	Downtown city centre business	0.23653	17,334,490
Upper Hutt city	0.02993	1,932,833	Urban	0.03024	11,077,504
Porirua city	0.02952	2,320,802	Rural	0.00829	39,514
Kapiti Coast district	0.03001	3,085,856	Lower Hutt city		
Masterton district	0.02951	1,440,394	Urban	0.04571	8,049,959
Carterton district	0.03112	581,302	Rural	0.01221	33,242
South Wairarapa district	0.03089	979,109	Upper Hutt city		
Tararua district	0.02421	2,229	Urban	0.05080	2,951,668
Total general rate		29,957,912	Rural	0.01349	87,263
Targeted rate: River management	2010/11 Proposed cents per \$ of rateable capital value	2010/11 Revenue sought \$	Porirua city		
based on capital value			Urban	0.05832	4,244,901
Wellington city	0.00028	125,129	Rural	0.01542	89,805
Lower Hutt city	0.01307	2,337,103	Kapiti Coast district		
Upper Hutt city	0.01016	655,841	Urban	0.02252	1,937,123
Porirua city	0.00110	86,834	Rural	0.00638	107,271
Kapiti Coast district	0.01324	1,361,770	Masterton district		
Carterton district	0.00114	21,358	Urban	0.00816	180,850
Total district-wide river management rate		4,588,035	Rural	0.00255	67,884
Greytown ward	0.02267	90,667	Carterton district		
Total river management rates based upon capital value		4,678,702	Urban	0.01547	83,284
Targeted rate: River management	2010/11 Proposed cents per \$ of rateable capital value	2010/11 Revenue sought \$	Rural	0.00435	57,816
based on land value			South Wairarapa district		
Featherston urban: Donalds Creek Stopbank	0.00262	2,441	Urban	0.01820	166,214
Total river management rates based upon land value		2,441	Rural	0.00493	111,157
Total river management rates		4,681,143	Total transport rate		46,619,945
			Targeted rate: Warm Greater Wellington	2010/11 Proposed percentage per \$ of service provided	
			Based on extent of service provided		
			For any ratepayer that utilises the service	15.349%	

Note:

(1) 11 Rural properties in the Tararua District are within the boundaries of the Wellington region

Please note that all figures on this page include GST

Targeted rate: Stadium purposes	2010/11 Proposed cents per \$ of rateable capital value	2010/11 Revenue sought \$	Targeted rate: Economic development	2010/11 \$ per rating unit	2010/11 Proposed cents per \$ of rateable capital value	2010/11 Revenue sought \$
Wellington city			Wellington city			
Business	0.00593	618,609	Downtown city centre business		0.01179	863,764
Residential	0.00346	1,160,757	Business		0.01179	366,087
Rural	0.00183	8,730	Residential – per rating unit	\$15.75		1,046,005
Lower Hutt city			Rural – per rating unit	\$31.50		19,751
Business	0.00397	153,222	Lower Hutt city			
Residential	0.00311	427,457	Business		0.01083	417,745
Rural	0.00254	6,924	Residential – per rating unit	\$15.75		556,810
Upper Hutt city			Rural – per rating unit	\$31.50		14,931
Business	0.00234	23,781	Upper Hutt city			
Residential	0.00267	128,538	Business		0.01092	110,802
Rural	0.00093	6,021	Residential – per rating unit	\$15.75		222,359
Porirua city			Rural – per rating unit	\$31.50		33,579
Business	0.00339	37,327	Porirua city			
Residential	0.00283	174,595	Business		0.01080	119,083
Rural	0.00072	4,214	Residential – per rating unit	\$15.75		253,150
Kapiti Coast district			Rural – per rating unit	\$31.50		18,270
Urban	0.00154	132,753	Kapiti Coast district			
Rural	0.00077	12,944	Business		0.01098	128,614
Masterton district			Residential – per rating unit	\$15.75		313,299
Urban	0.00200	44,251	Rural – per rating unit	\$31.50		78,057
Rural	0.00060	15,954	Masterton district			
Carterton district			Business		0.01079	38,135
Urban	0.00218	11,740	Residential – per rating unit	\$15.75		120,582
Rural	0.00070	9,332	Rural – per rating unit	\$31.50		103,919
South Wairarapa district			Carterton district			
Urban	0.00237	21,674	Business		0.01138	4,686
Rural	0.00051	11,439	Residential – per rating unit	\$15.75		33,437
Total stadium-purposes rate		3,010,262	Rural – per rating unit	\$31.50		58,370
			South Wairarapa district			
			Business		0.01130	17,634
			Residential – per rating unit	\$15.75		44,021
			Rural – per rating unit	\$31.50		79,128
			Tararua district – per rating unit	\$31.50		284
			Total economic development rate			5,062,502

Note:

(1) 11 Rural properties in the Tararua District are within the boundaries of the Wellington region

Please note that all figures on this page include GST

Targeted rate: River management schemes I		2010/11 Proposed \$ per hectare	2010/11 Revenue sought \$	Targeted rate: River management schemes I		2010/11 Proposed \$ per hectare	2010/11 Revenue sought \$
Waingawa	A	131.87620	4.401	Waiohine - rural	A	46.39000	5.211
	B	85.71960	10.954		B	38.81880	14.732
	C	65.93810	7.946		C	31.05500	39.634
	D	59.34430	119		D	23.29130	8.453
	E	52.75050	8.808		E	15.52750	12.621
	F	46.15670	1.240		S	776.37580	10.015
	G	19.78140	926				90,666
	H	13.18760	2,094				
			36,488	Mangatarere	A	33.76650	725
Upper Ruamahanga	A	125.54450	11,544	B	32.29840	6,770	
	B	104.62040	692	C	27.36970	430	
	C	83.69640	10,402	D	24.22380	1,740	
	D	62.77230	1,106	G	0.10490	39	
	E	41.84820	12,461			9,704	
	F	20.92410	836	Upper Mangatarere	A	9.55960	665
	S	1,178.87340	1,768	B	7.17800	125	
			38,809	C	4.79530	229	
						1,019	
Middle Ruamahanga	A	118.59380	5,303	Waipoua	A	115.08000	10,118
	B	98.82820	5,406		B	92.06490	23,247
	C	79.06260	404		C	69.04860	1,537
	D	59.29690	7,342		D	46.03240	12,887
	E	39.53120	1,863		SA	3,889.74040	389
	F	19.76560	5,854		SC	2,324.63770	232
	S	1,195.99600	2,032				48,410
			28,204				
Lower Ruamahanga	A	55.23430	7,063				
	B	47.34370	2,589				
	C	39.45310	8,630				
	D	31.56250	10,457				
	E	23.67190	7,778				
	F	15.78120	19,374				
	SA	1,384.98470	3,462				
	SB	692.49240	1,109				
			60,462				

Please note that all figures on this page include GST

Targeted rate: River management schemes 1			Targeted rate: River management schemes 2				
	2010/11 Proposed \$ per hectare	2010/11 Revenue sought \$		2010/11 Proposed \$ per dwelling (1)	2010/11 Proposed \$ per point	2010/11 Revenue sought \$	
Kopuaranga	A2	51.42140	1,354	Lower Wairarapa valley Development scheme	A	0.21590	623,696
	A3	46.27930	3,191		Sa	16.87500	6,514
	A4	25.71070	290		Sb	33.75000	67,196
	A5	17.99740	1,039	Total river management scheme rates 2			697,406
	A6	10.28420	834	Total river management scheme rates			1,026,369
	B2	10.28420	630				
	B3	9.25580	681				
	B4	5.14210	48				
	B5	3.59950	112				
	B6	2.05680	247				
	SA	126.36000	632				
	SB	63.18000	695				
		9,753					
Lower Taueru	A	3.82500	1,554				
	B	0.76500	215				
	C	0.38250	72				
	S	191.24776	232				
		2,073					
Lower Whangaehu	A	17.88560	606				
	B	14.30850	925				
	C	10.73140	576				
	D	7.15420	524				
	E	3.57710	625				
	S	89.42800	119				
		3,375					
Total river management scheme rates 1		328,963					

(1) "Separately used or inhabited part" (dwelling) includes any part of a rating unit separately used or inhabited by the owner or any other person who has the right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement. At a minimum, the land or premises intended to form the separately used or inhabited part of the rating unit must be capable of actual habitation, or actual separate use. To avoid doubt, a rating unit that has only one use (ie, it does not have separate parts or is vacant land) is treated as being one separately used or inhabited part (dwelling)

Please note that all figures on this page include GST

Targeted rate: Catchment schemes 1				Targeted rate: Catchment schemes 2			
		2010/11 Proposed \$ per hectare	2010/11 Revenue sought \$			2010/11 Proposed cents per \$ of rateable land value	2010/11 Revenue sought \$
Whareama	A	4.69990	3,108	Awhea-Opouawe	Land value	0.01439	10,470
	B	1.80770	1,299	Mataikona-Whakataki	Land value within scheme area	0.00338	2,762
	C	0.31650	13,847	Catchment management scheme 2 rates			
	D	0.27110	5				
	E	0.22600	1				
	F	0.18070	507				
			18,767				
Homewood	A	1.51720	3,587	Targeted rate: Catchment schemes 3			
	B	1.44500	643			2010/11 Proposed \$ per dwelling (1)	2010/11 Revenue sought \$
	C	1.26440	4,220	Awhea-Opouawe	Charge per dwelling	\$124.63 / \$62.31	9,783
	D	0.18060	312	Maungaraki	Charge per dwelling	\$33.75	641
			8,762	Mataikona-Whakataki	Charge per dwelling	\$16.88	2,194
				Catchment management scheme 3 rates			
				12,618			
Maungaraki	A	0.95630	3,268	Targeted rate: Catchment schemes 4			
	B	0.45000	1,337			2010/11 Proposed cents per metre of river frontage	2010/11 Revenue sought \$
			4,605	Maungaraki	River frontage	0.04500	1,232
Upper Kaiwhata	A	9.86380	413	Catchment management scheme 4 rates			
	B	4.31540	339	1,232			
	C	0.61650	564	Total catchment management scheme rates			
	D	0.36990	658	65,990			
	E	0.24660	462				
	F	0.12330	55				
			2,491				
Lower Kaiwhata	A	16.45520	1,082	Note:			
	B	7.19910	334	(1) "Separately used or inhabited part" (dwelling) includes any part of a rating unit separately used or inhabited by the owner or any other person who has the right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement. At a minimum, the land or premises intended to form the separately used or inhabited part of the rating unit must be capable of actual habitation, or actual separate use. To avoid of doubt, a rating unit that has only one use (ie, it does not have separate parts or is vacant land) is treated as being one separately used or inhabited part (dwelling)			
	C	1.02840	1,175				
	D	0.61710	1,622				
	E	0.41140	14				
	F	0.20570	56				
			4,283				
Catchment management scheme 1 rates			38,908				

Please note that all figures on this page include GST

Targeted rate:		2010/11	2010/11
Pump drainage schemes		Proposed \$ per hectare	Revenue sought \$
Papatahi	A	79.88500	28,125
Te Hopai	A	84.12600	103,500
Moonmoot pump	A	60.64600	14,063
Onoke pump	A	157.79600	107,775
Pouawha pump	A	67.57400	60,750
Total pump drainage scheme rates			314,213

Targeted rate:		2010/11	2010/11
Bovine Tb		Proposed \$ per hectare	Revenue sought \$
Land area > 10ha and defined operational area		0.33750	160,429
Total bovine Tb rate			160,429

Please note that all figures on this page include GST

Targeted rate:		2010/11	2010/11
Gravity drainage schemes		Proposed \$ per hectare	Revenue sought \$
Taumata	A	6.79620	1,965
East Pukio	A	29.26410	3,375
Longbush	A	16.77530	3,659
	B	8.38760	1,084
Te Whiti	A	4.29050	583
Alhikouka	A	29.10730	3,266
Battersea	A	16.41820	2,757
	B	13.59350	2,522
	C	10.59240	3,301
	D	6.35540	977
	E	5.47270	1,115
	F	5.29620	397
Manaia	A	45.66660	7,875
Whakawiriwiri	A	14.92510	9,308
Total gravity drainage scheme rates			42,184

Differential rating categories

Each rating unit is allocated to a differential rating category based upon location and/or land use for the purpose of calculating the general rate or any specific targeted rate based upon capital or land value.

As Greater Wellington rates are invoiced and collected by each of the territorial authorities in the Wellington region, Greater Wellington is limited to using rating categories based on those used by each of the territorial authorities.

Set out below are the definitions used to allocate rating units into rating categories.

Category 1 – rates based on capital or land value

Location	Use	Description
Wellington city	Wellington city downtown city centre business	All rating units not classified as base within the central area boundary, currently shown on Map 32 of the District Plan of Wellington city, as may be amended from time to time by Wellington city
	Wellington city business	All rating units not classified as base in the rating information database for Wellington city outside the downtown city centre
	Wellington city residential	All rating units classified as base (excluding rural and farm) in the rating information database for Wellington city
	Wellington city urban	All Wellington city business and Wellington city residential rating units.
	Wellington city rural	All rating units sub-classified as rural or farm within the base category in the rating information database for Wellington city
Hutt city	Hutt city business	All rating units not classified as residential, rural or community facilities in the rating information database for Hutt city
	Hutt city residential	All rating units classified as residential or community facilities in the rating information database for Hutt city
	Hutt urban	All Hutt city business and Hutt city residential rating units
	Hutt city rural	All rating units classified as rural in the rating information database for Hutt city
Porirua city	Porirua city business	All rating units classified as business in the rating information database for Porirua city
	Porirua city residential	All rating units classified as residential in the rating information database for Porirua city
	Porirua city urban	All Porirua city residential and Porirua city business rating units
	Porirua city rural	All rating units classified as rural in the rating information database for Porirua city
Upper Hutt city	Upper Hutt city business	All rating units classified as business or utilities in the rating information database for Upper Hutt city
	Upper Hutt city residential	All rating units not classified as rural, business or utilities in the rating information database for Upper Hutt city
	Upper Hutt city urban	All Upper Hutt city business and Upper Hutt city residential rating units
	Upper Hutt city rural	All rating units classified as rural in the rating information database for Upper Hutt city
Kapiti Coast district	Kapiti Coast district urban	All rating units not classified in the rural rating areas for the Kapiti Coast district
	Kapiti Coast district rural	All rating units classified in the rural rating areas for the Kapiti Coast district
Masterton	Masterton district	All rating units not classified as rural in the rating information

Location	Use	Description
district	urban	database for the Masterton district
	Masterton district rural	All rating units classified as rural in the rating information database for the Masterton district
Carterton district	Carterton district urban	All rating units not classified as rural in the rating information database for the Carterton district
	Carterton district rural	All rating units classified as rural in the rating information database for the Carterton district
South Wairarapa district	South Wairarapa district urban	All rating units not classified as rural in the rating information database for the South Wairarapa district
	South Wairarapa district rural	All rating units classified as rural in the rating information database for the South Wairarapa district
	Greytown ward	All rating units classified in the rating area of the Greytown ward in the rating information database for the South Wairarapa district
	Greytown urban	All rating units classified in the urban area of Greytown in the rating information database for the South Wairarapa district. (Prefaced Nos 18400 and 18420)
	Featherston urban	All rating units classified in the urban area of Featherston in the rating information database for the South Wairarapa district. (Prefaced Nos 18440 and 18450)
Tararua district		All rating units classified as being within the boundaries of the Wellington region

Category 2 – rates based on land area

Some rating units (either in whole or part) are allocated to additional differential rating categories (based on the area of land within each rating unit and the provision of a service or location) for the purpose of calculating the bovine Tb and Wairarapa schemes targeted rates based on land area.

Some schemes have an additional fixed charge per separate use or inhabited part.

Rating units subject to these rates are shown within an approved classification register for each scheme or a designed operational area for bovine Tb. For more information on whether your rating unit is allocated to one or more of these categories, please contact Greater Wellington's Masterton office on 06 378 2484.

Category 3 – Lower Wairarapa Valley Development scheme rate

The Lower Wairarapa Valley Development scheme rate is a targeted rate allocated according to extent of services received (as measured in a points system) and in some cases an additional fixed charge per separately used or inhabited part.

Rating units subject to this rate are shown within an approved classification register for each scheme. For more information on whether your rating unit is located in this area, and for the points allocated to your property, please contact Greater Wellington's Masterton office on 06 378 2484

Category 4 – Warm Greater Wellington rate

The Warm Greater Wellington rate is a targeted rate set on properties that have benefited from the installation of clean heat or insulation provided by the Greater Wellington in respect of the property. The rate is calculated as a percentage of the service amount until the service amount and the costs of servicing the service amount are recovered.

Category 5 – Economic development rate

The economic development rate is a targeted rate allocated on a fixed-amount basis for residential and rural ratepayers, and capital value for businesses. For residential properties the fixed amount is \$15.75 and rural properties \$31.50. This rate will fund Grow Wellington, the region's economic development agency. See table opposite.

Location	Use	Description
Wellington city	Wellington city WRS business	All rating units not classified as base in the Wellington city rating information database
	Wellington city residential	As per differential category 1
	Wellington city rural	As per differential category 1
Hutt city	Hutt city business	As per differential category 1
	Hutt city residential	As per differential category 1
	Hutt city rural	As per differential category 1
Porirua city	Porirua city business	As per differential category 1
	Porirua city residential	As per differential category 1
	Porirua city rural	As per differential category 1
Upper Hutt city	Upper Hutt city business	As per differential category 1
	Upper Hutt city residential	As per differential category 1
	Upper Hutt city rural	As per differential category 1
Kapiti Coast district	Kapiti Coast district business	All rating units used for a commercial, business, industrial purpose, or utility network activity in the Kapiti Coast rating information database
	Kapiti Coast district residential	All rating units located in the urban rating areas except those properties which meet the classification of rural, commercial, business, industrial purpose or utility network activity and all community activities in the Kapiti Coast rating information database
	Kapiti Coast district rural	All rating units located in rural rating areas except those properties which meet the classification of commercial, business, industrial purpose, utility network or community activity in the Kapiti Coast rating information database
Masterton district	Masterton district urban	All rating units classified as non-residential urban in the Masterton district rating information database
	Masterton district residential	All rating units classified as urban residential in the Masterton district rating information database
	Masterton district rural	As per differential category 1
Carterton district	Carterton district business	All rating units classified as urban commercial, urban industrial or urban smallholding – greater than one hectare in the Carterton district rating information database
	Carterton district residential	All rating units classified as urban residential in the Carterton district rating information database
	Carterton district rural	As per differential category 1
South	South Wairarapa	All rating units classified as commercial in the South Wairarapa

Location	Use	Description
Wairarapa district	district business	district rating information database
	South Wairarapa district residential	All rating units classified as urban in the South Wairarapa district rating information database
	South Wairarapa district rural	As per differential category 1
Tararua district		As per differential category 1

Statement of Proposal – a separate legal entity for Creative HQ

This is a Statement of Proposal from Greater Wellington to establish a new Council-Controlled Organisation (CCO) in the form of a company which is a subsidiary of Grow Wellington Ltd, as the governance entity for the ownership, management and future development of the business incubator known as Creative HQ.

Section 56 of the Local Government Act 2002 (LGA 2002) requires that a proposal to establish a CCO must be adopted in accordance with a special consultative procedure before a local authority may establish or become a shareholder in a CCO.

Greater Wellington is requesting public feedback on this proposal before making a final decision on June 2010. To make a submission, see pxxxxx.

This statement of proposal is prepared for the purposes of a special consultative procedure undertaken pursuant to sections 56, 83 and 87 of the LGA 2002, and combined with the special consultative procedure required for Greater Wellington's Annual Plan 2010/11.

This Statement of Proposal contains:

- A description of the proposal
- A discussion of the reasons for the proposal
- An analysis of the alternative options considered
- The benefits and costs of each option (in terms of the present and future social, economic, environmental and cultural wellbeing of the region)
- The extent to which community outcomes would be promoted or achieved by each option
- Details of the consultation process and how to provide feedback

The proposal

Greater Wellington proposes to establish a new CCO in the form of a company which is a subsidiary of Grow Wellington Ltd, to be the governance entity for the ownership, management and future development of the business incubator known as Creative HQ.

Grow Wellington Ltd is an existing CCO of Greater Wellington and was established to deliver the economic development aspects of the Wellington Regional Strategy (WRS). The Grow Wellington Ltd board is also required to report to the WRS Committee, a committee of Greater Wellington with responsibility for overall guidance and further development of the WRS.

As a CCO, the company and Greater Wellington will be required to comply with the requirements set out in Part 5 of the LGA 2002, which include:

- The appointment of directors who have the necessary skills, knowledge and experience to guide the company and contribute to the achievement of its objectives
- All decisions of the company must be made by the board in accordance with its constitution and a statement of intent approved by the Council
- The board must prepare, adopt and adhere to a statement of intent that is approved by the Council
- The Council will be required to regularly undertake performance monitoring of the company
- The company must provide annual and half-yearly reports to the Council
- The Auditor General will be the auditor of the company

Reasons for the proposal

Creative HQ is a business incubator, currently managed within Grow Wellington Ltd. Legally, it is part of Grow Wellington Ltd and has no separate legal personality. Creative HQ has evolved over the past two years and is now in a position to expand its services rapidly throughout the Wellington region.

There are two main reasons for the proposal to establish a new CCO for Creative HQ:

1. Grow Wellington Ltd receives some funding from New Zealand Trade Enterprise to assist with running Creative HQ. It is a condition of that funding that Creative HQ be a separate legal entity
2. Various groups have expressed interest in investing in Creative HQ but the current structure does not allow for that. A governance entity must allow for partners to invest in it to ensure it meets its objectives. This will in turn reduce the level of investment needed from Grow Wellington Ltd and ultimately ratepayers

A new CCO in the form of a company which is a subsidiary of Grow Wellington Ltd is the preferred legal form for the new governance entity. It is considered that the entity most likely to attract external investment is a company. Maintaining ownership by Grow Wellington Ltd is essential at this stage. The services delivered by

Creative HQ are part of the economic development aspects of the WRS, for which Grow Wellington Ltd has responsibility.

Establishing a new CCO as a subsidiary of Grow Wellington Ltd will ensure that Creative HQ is required to continue to deliver in line with the WRS, and that the WRS Committee maintains a role in the oversight and performance monitoring of the company.

Analysis of options

The following reasonably practicable options for the governance of Creative HQ have been identified:

- Maintaining the status quo
- A new governance entity being established in the form of a:
 - CCO in the form of a company that is a subsidiary of Grow Wellington Ltd, or
 - CCO in the form of a company that is not a subsidiary of Grow Wellington Ltd, but is directly owned and controlled by Greater Wellington, or
 - Council organisation in the form of a company in which Grow Wellington Ltd has an interest but not a controlling interest

The preferred option is a new CCO in the form of a company that is a subsidiary of Grow Wellington Ltd.

The analysis of the reasonably practical options and the main benefits and disadvantages/costs of each are summarised below:

Governance options for Creative HQ	Benefits	Disadvantages/costs
Status quo (business unit of Grow Wellington Ltd)	No establishment costs	<ul style="list-style-type: none"> • Does not allow ongoing external funding from central government • Does not allow investment from external partners
A CCO in the form of a company that is a subsidiary of Grow Wellington Ltd	<ul style="list-style-type: none"> • Well-recognised governance structure with clear accountability mechanisms • Control by Grow Wellington Ltd and oversight by the WRS Committee to ensure WRS objectives continue to be met • Ultimate control by Greater Wellington through its shareholding in Grow Wellington Ltd, a tailored constitution, statement of intent, and influence over the appointment and removal of directors • Flexibility in regard to addition or exit of other shareholders • Can issue share capital to fund expansion • A company provides greater flexibility in regard to activities it can be involved in than if not for profit or charitable 	Initial establishment costs and administration costs

Governance options for Creative HQ	Benefits	Disadvantages/costs
A CCO that is a company but not a subsidiary of Grow Wellington Ltd (directly owned and controlled by Greater Wellington)	<ul style="list-style-type: none"> • Well-recognised governance structure with clear accountability mechanisms • Ultimate control by Greater Wellington through its shareholding, a tailored constitution, statement of intent, and the ability to appoint and remove directors • Flexibility in regard to addition or exit of other shareholders • Can issue share capital to fund expansion • A company provides greater flexibility in regard to activities it can be involved in than if not for profit or charitable 	<ul style="list-style-type: none"> • No ability for Grow Wellington Ltd to influence, control or oversee the strategic direction of the company, and no direct link to WRS objectives • Additional administrative burden and cost falls on Greater Wellington
A new Council organisation that is a company in which Grow Wellington Ltd/Greater Wellington has an interest, but not a controlling interest	<ul style="list-style-type: none"> • Is not a CCO, so reduced establishment cost • No requirement to comply with Part 5 LGA2002 and therefore reduced requirement for monitoring by Greater Wellington 	<ul style="list-style-type: none"> • Reduced ability for Grow Wellington Ltd and Greater Wellington (through minority shareholding) to influence, control or oversee the strategic direction of the company • No ability for the WRS Committee to influence, control or oversee the strategic direction of the company • No direct link with the WRS

Costs and benefits/community outcomes

In analysing each option, Greater Wellington is required to consider the costs and benefits of each option in terms of the present and future social, economic, environmental and cultural wellbeing of the region. Greater Wellington must also have regard to the extent to which community outcomes described in its *10-Year Plan 2009-19* (LTCCP) would be promoted or achieved in an integrated and efficient manner by each option.

It is expected that establishing a new legal entity for Creative HQ will contribute directly to the community outcome for the Wellington region for an “entrepreneurial and innovative region”.

It is considered that a CCO that is a company is the most effective and efficient governance option because it strikes an appropriate balance between securing ongoing funding support and external investment, and ensuring that at this stage Grow Wellington Ltd, the WRS Committee and Greater Wellington each retain some oversight and control to ensure that the purposes and objectives of both Creative HQ and the WRS are advanced.

In comparison, the status quo is considered to be unsustainable (for the reasons outlined earlier), and a Council organisation is considered to provide an insufficient link to the WRS and the delivery of relevant community outcomes.

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