

Report 13.827  
Date 5 September 2013  
File SP/06/01/01

Committee Council  
Author Chris Gray, Manager, Finance & Support

## Annual Report for the year ended 30 June 2013

### 1. Purpose

To request that the Council adopts the Annual Report 2013.

### 2. The decision-making process and significance

The matter requiring decision in this report has been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act).

#### 2.1 Significance of the decision

Officers have considered the significance of the matter, taking the Council's significance policy and decision-making guidelines into account. Officers recommend that the matter be considered to have low significance.

The Council is required to formally adopt the Annual Report.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

### 3. Background

Under the Local Government Act 2002 the Council is formally required to adopt its Annual Report by 31 October each year. The Annual Report 2013 and Summary Annual Report 2013 will be sent under separate cover (refer **Attachments 1 and 2**).

The Annual Report 2013, reports against the Annual Plan 2012/13 and the Long-Term Plan 2012-2022.

Audit New Zealand has substantially completed its audit. There are no unresolved issues at this stage. The Auditors should be in a position to issue their audit opinion once the Council approves the Annual Report.

Karen Young, Director will be in attendance at the meeting to summarise the results of the annual audit and to answer any questions that the Council may have.

## 4. Reserves

A detailed analysis of reserve movements during the 2012/13 year is provided, along with explanations of variances between budgeted and actual reserve movements (**Attachment 3**). All variances between budgeted and actual reserve movements have been reviewed by the Audit Risk and Assurance committee who met on 19 September 2013 and recommended that they be adopted by the Council at its meeting on 25 September 2013 as part of its adoption of the Annual Report 2013.

The Council has four types of reserves which are categorised as follows:

- *Reserves for each different area of benefit*

These reserves are used where there is a discrete set of rate or levy payers as distinct from the general rate, e.g, Public Transport, WRS, Bovine Tb, River Rates, and Wairarapa Schemes.

Any funding surplus or deficit relating to these areas of benefit is applied to the specific reserves, in proportion to their respective revenue and financing policy ratios.

- *Contingency reserves*

The Council has traditionally set aside reserves that can be made available when a specific unforeseen event occurs, for example, the flood contingency reserve.

The release of these funds generally can only be approved by a Committee and/or the Council. There is some delegation to General Managers. These reserves are long-term in nature.

- *Reserves where there has been rebudgeting of expenditure*

If a specific project has not been completed during the financial year, and if it is appropriate, it is rebudgeted for the following year.

Funds are made available in the following year for these projects. The main mechanism for this is the use of a reserve, so that the Council does not rate the community twice for the same project.

- *Special reserves*

The only special reserves of the Council are the Election Reserve and the IT operations Capex Reserve. The reserves smooth the cost of elections and IT system upgrades.

## 5. Non financial results

The Council is required to compare its actual performance with the intended level of performance set out in the Long Term Plan 2012-22 (incorporating the Annual Plan 2012/13).

The Long Term Plan introduced a new performance management framework for GWRC. The aims in doing this included making reporting on GWRCs activities clearer and more meaningful for the community. The Annual Report shows we have made good progress in achieving these aims.

2012/13 has been a successful year for GWRC, as detailed in the “Key Achievements” section of the Annual Report. GWRC has achieved its intended level of performance, with nearly all performance targets met.

The Audit and Risk committee requested that a visual indicator be included against the performance measures, these will be included in the final published document.

## 6. Communications

A press release will be prepared for the Council meeting on 25 September. The Council is required, one month after adoption of its Annual Report, to make the report and a summary document available to the public.

## 7. Recommendations

*That the Council:*

1. ***Receives the report.***
2. ***Notes its contents***
3. ***Approves the following new amounts, in addition to those budgeted, being added to or (deducted) from the respective reserves, subject to any changes requested by the Council:***

(a)	Transport Rate Reserve	4,790,692
(b)	Sustainable Transport Department Reserve	61,022
(c)	Transport Planning Reserve	-52,309
(d)	Wai Bovine TB Rate - Bov TB	-9,770
(e)	Wai Rating Schemes-Catchment Awhea	-4,682
(f)	Wai Rating Schemes-Catchment Whareama	-4,838
(g)	Wai Rating Schemes-Catchment Homewood	-2,586
(h)	Wai Rating Schemes-Catchment Mataikona	-809
(i)	Wai Rating Schemes-Catchment Maungaraki	-1,029
(j)	Wai Rating Schemes-Catchment Kaiwhata	-1,500
(k)	Wai Rating Schemes-Drainage	55,631
(l)	Wai Shingle Royalty	-46,397

(m)	Wai Rating Schemes-River LWVD-Opex	-26,441
(n)	Wai Rating Schemes-River Waiohine-Opex	1,008
(o)	Wai Rating Schemes - Gladstone	9,243
(p)	Wai Rating Schemes-River Waipoua	4,066
(q)	Wai Rating Schemes-River Waingawa	11,221
(r)	Wai Rating Schemes-River Lower Taueru	900
(s)	Wai Rating Schemes-River Lower Whangaehu	-538
(t)	Wai Rating Schemes- Te Ore Ore	2,439
(u)	Wai Rating Schemes - Mt Bruce	3,817
(v)	Wai Rating Schemes - Kopuaranga	4,348
(w)	Wairarapa Workshop	-15,200
(x)	Akura Nursery Reserve	-56,987
(y)	Bioworks	-127,500
(z)	River Rate Reserve-Hutt City	-122,875
(aa)	River Rate Reserve-Kapiti Coast	28,496
(bb)	River Rate Reserve-Porirua City	4,335
(cc)	River Rate Reserve-Upper Hutt City	61,152
(dd)	River Rate Reserve-Wellington City	17,457
(ee)	Resource Policy	-123,777
ff)	IT Operations Capex Reserve	135,661
(gg)	Wgtn Regional Strategy Office	220,000
(hh)	WRS Reserve - Grow Wellington	400,000
(ii)	Rebudget to 2013/14 - Integrated Ticketing	185,000
(jj)	Rebudget to 2013/14 - PT Plan Revision	8,676
(kk)	Rebudget 13/14 Parks Policy	40,000
(ll)	Rebudget 13/14 Strategic Planning	19,000
(mm)	Rebuget 13/14 Hutt Water Collection Area Pest Animals	99,000
(nn)	Rebudget 13/14 Kaitoke Regional Park-Te Marua Pest Animals	19,000
(oo)	Rebudget 13/14 Biodiversity Management Areas Legal Protection	110,000
(pp)	Rebudget 13/14 Transport Model CAPEX.	5,250
(qq)	Rebudget 13/14 Kaitoke Intake Improvements 2011	403
(rr)	Rebudget 13/14 Kaitoke Strainers Replace 2011	806
(ss)	Rebudget 13/14 Te marua Filter to Waste Improvements	2,216
(tt)	Rebudget 13/14 Upgrade Reservoirs to DC Control	2,418
(uu)	Rebudget 13/14 Telemetry IP repeater upgrade investigation	1,209
(vv)	Rebudget 13/14 Reservoir Inlet Standpipes	3,627
(ww)	Rebudget 13/14 Land Purchase Lake 3	140,000

(xx)	Rebudget 13/14 Wairarapa Water Use Project	8,750
(yy)	Rebudget 13/14 WREMO	300,000
		\$6,159,605.00

**4. *Adopts the Annual Report and the Summary Annual Report for the year ended 30 June 2013, subject to any changes requested by the Council.***

Report prepared by:

Report approved by:

Chris Gray  
Manager, Finance & Support

Warren Tocker  
Chief Financial Officer

**Attachment 1:** 2013 Annual report for the year ended 30 June 2013

**Attachment 2:** 2013 Summary annual report for the year ended 30 June 2013

**Attachment 3:** Explanations of unbudgeted reserve movements for the year ended 30 June 2013

# **Greater Wellington Regional Council**

## **Annual Report 2012/13**

# Contents

<b>Chair's report</b> .....	<b>3</b>
<b>Chief Executive's report</b> .....	<b>5</b>
<b>Community outcomes</b> .....	<b>7</b>
<b>Key achievements for 2012/13</b> .....	<b>11</b>
<b>Working with iwi</b> .....	<b>14</b>
<b>Corporate sustainability</b> .....	<b>15</b>
<b>Financial Overview</b> .....	<b>16</b>
<b>Financial statements for the year ended 30 June 2013</b> .....	<b>23</b>
<b>GWRC activities</b> .....	<b>68</b>
Regional leadership.....	69
Public transport .....	79
Water supply .....	91
Environment .....	98
Flood protection and control works .....	109
Parks .....	114
<b>Investments</b> .....	<b>120</b>
<b>Overview</b> .....	<b>120</b>
<b>WRC Holdings Group</b> .....	<b>122</b>
<b>Statement of compliance and responsibility</b> .....	<b>130</b>
<b>Audit report</b> .....	<b>131</b>
<b>Regional Councillors</b> .....	<b>132</b>
<b>Council committee structure</b> .....	<b>134</b>
<b>GWRC structure</b> .....	<b>135</b>

---

## *Auditors*

Audit New Zealand on behalf of the Auditor-General

## *Bankers*

ANZ Bank New Zealand Limited

## *Treasury advisers*

PwC New Zealand

## Chair's report

In the year under review, local government has regularly been in the news, both nationally and in Wellington. The Government's major reforms have impacted on all councils, including ours. In particular, as a regional council with a mandate to oversee the region's natural environment, we have been vitally interested in policy changes relating to freshwater management and the Resource Management Act. We have collaborated closely with other regional councils and the Government to try to ensure that new policies are not only workable but will deliver quality outcomes for New Zealand.

Within the context of these changes to environmental policy, we have also been working on our own second-generation regional plan. This has been a major undertaking, designed as a "ground up" exercise, with the community playing a major role. The 2012/13 year saw significant progress, with a first draft for discussion purposes almost complete within that time, following a series of well attended community workshops the previous year. The next step will be to informally test the discussion draft, before revising then publishing it as a formal Proposed Regional Plan in the calendar year 2014.

One of the most exciting initiatives to emerge from the plan process has been a decision to empower communities to be part of the shaping of the catchment planning and regulatory process – historically a responsibility that councils reserved to themselves. Thus the year's work included development of this model, with a decision to create catchment committees that would have the mandate to look after water quality in their areas. We decided to use the word "Whaitua" to describe the catchments. In Te Reo Maori it means a designated area, so our catchment committees will be called Whaitua Committees. They will be responsible for planning how to maintain the water values in the catchment and will make formal recommendations on policies and regulations for the council to pass.

The Government reform agenda during the year also included legislation relating to local government restructuring. This, too, was very pertinent to our council. For Wellington to continue to grow into a smart and innovative region, it is important that we get the governance structure right so we can ensure there is strong leadership and a unified voice for the half a million people who are proud to call our region home.

In 2012, in partnership with Porirua City, we set up an independent panel headed by Sir Geoffrey Palmer to consider the issues. Following an ambitious programme of consultation and research, the panel produced a substantial report proposing a two-tier system of governance within a unitary council structure. Further work to refine options was then undertaken by our council in conjunction with Porirua, Kapiti Coast and Wellington City councils.

In June 2013 we submitted an application to the Local Government Commission proposing an amalgamation of all the current councils in the region into one unitary authority comprising 21 elected members and eight locally-elected boards.

Arguably the greatest challenge is to achieve the right balance – on the one hand a regional entity with the critical mass and capability to provide leadership plus economies of scale and scope, and, on the other, local decision-making that enables communities to make authentic choices about their own places. Our proposal supported this dual approach.



The Local Government Commission is currently considering our application, along with several others, and any decision to change local government in the Wellington region is unlikely to be implemented before the 2016 local government election.

Meanwhile, our council continues with its everyday work – although the past year was hardly “everyday”, with the region facing a string of major natural hazards - drought, storm and, more recently, earthquakes.

The drought occurred when one of our major water storage lakes at Te Marua was off-line for seismic strengthening and an increase in capacity. Although we began warning residents as early as November last year that they would need to watch water consumption, it was not till the drought progressed to a more serious water shortage that it grabbed public attention.

We were able to get through the dry spell by dint of careful management of the several water sources we manage, plus a fantastic water conservation response from the community as people became aware of the situation. Even though the storage lakes will both be fully functioning for next summer, Wellingtonians have shown that they can certainly save water (as indeed they have already been doing, with a downward trend in recent years). Hopefully, this prudence will continue.

Other highlights for the year include winning a New Zealand Engineering Excellence Award for the council’s part in developing a ground-breaking chemical process for water treatment and a best practice award by the New Zealand Planning Institute for a collaborative consultation project to improve the health of Porirua Harbour.

Awards like this result from the hard work of council staff working with communities to find innovative solutions to some of the issues facing our region. My thanks to them all for this year’s achievements. On behalf of the council I would also like to warmly acknowledge our many partners in the community, private and public sectors for their commitment to making the Wellington region even better than it is.



**Fran Wilde**

## Chief Executive's report

The past year has been a busy and challenging one that has seen the Greater Wellington Regional Council not only respond to a series of natural hazards, but also make major inroads into increasing the capacity of infrastructure in the Wellington region.

This report covers the first year of the Council's Long Term Plan 2012-22. In implementing the Long Term Plan, we are taking significant steps towards solving some of the issues facing the region, including major pieces of work on governance, public transport, environment and emergency management.

One of the things that is difficult to plan for is a natural disaster. While a great deal of work has been put into building the region's resilience, the prolonged summer drought, the June storm and the more recent earthquakes have certainly highlighted the vulnerability of Wellington during a major event.

The new Wellington Regional Emergency Management Office (WREMO) organisation is now operational and has proven to be very effective in coordinating responses to emergencies during the earthquakes and the June storm.

Community outcome indicators also suggest that, through the work of WREMO in promoting preparedness, more residents in the region are aware of what to do in the event of a natural disaster and have emergency kits and plans in place. However, there is no room for complacency and there is still much to be done by all the councils of the region, in conjunction with their communities, to ensure greater preparedness.

Options are also being sought for emergency water sources that can provide a "survival" level of water to the region following a major event that damaged pipelines. One option being discussed is building a new pipeline across the harbour from Seaview to Wellington city.

Work has now been completed on earthquake strengthening the Te Marua water storage lakes. The project has involved covering the bed of each of the lakes with a protective lining that is designed to stretch in an earthquake and prevent cracking and leakage. We also took the opportunity to increase the capacity of the lakes.

While earthquakes have certainly been a topic of interest for many in the region, the reality is that the Wellington region is susceptible to a range of natural disasters, with flooding being one of the biggest risks.

We have pushed ahead with work to build up the region's resilience to flooding and the Boulcott-Hutt Stopbank has been completed a year ahead of schedule. Project scoping for the Hutt River City Centre Project has also been completed, allowing us to move further forward in providing greater protection to the area.

A reliable public transport system is a critical part of world class infrastructure. Good progress has been made in this area in the past 12 months, with new Matangi trains brought into service and a contract signed for an additional 35 of them to be built over the next two years. The additional units will further enhance the reliability and functionality of our fleet.

The year also included the release of the Public Transport Spine Study for Wellington City. This identifies options to increase capacity and quality in the future, in particular focussing on relieving the bus congestion that is now a regular occurrence.

While not in the year under review, I can report here that one of the buildings affected by the recent earthquakes was the Council's own offices on Wakefield Street, with post-quake testing showing that the stairwells in the building were compromised.

The damage to the building has seen the organisation bring forward a planned move to new premises in Shed 39 at CentrePort. The move was originally scheduled for November, but most staff members have already relocated to the new building. We have a temporary public reception at Wellington City Council. Construction is being completed on Shed 39, and it is hoped that the new building will soon be open to the public for all council business, including Council meetings.

I am pleased to report the Council achieved a net operating surplus for the 2012/13 year, before fair value gains and losses and transport improvements of \$9.6m. This compares with a budgeted deficit of \$3.6m. A significant valuation change of \$111m is included, predominantly related to the revaluation of water supply assets. This now pushes the Council's assets, excluding subsidiaries, to over a billion dollars. This further enhances our strong balance sheet and assists in the maintenance of our AA Standard & Poor's credit rating. Given the majority of those assets are infrastructure related, the maintenance and renewal of such assets is a vital, costly and significant part of our ongoing spend.

I would like to thank all our staff for their hard work and perseverance during the past 12 months and I am looking forward to building on our successes next year.

**David Benham**



## **Executive Leadership Team**

**Chief Financial Officer**

Warren Tocker

**General Manager,  
Environment Management**

Nigel Corry

**General Manager,  
Public Transport**

Wayne Hastie

**General Manager,  
Water Supply**

Chris Laidlow

**General Manager,  
Strategy and Community Engagement**

Jane Davis

**General Manager,  
Catchment Management**

Wayne O'Donnell

**General Manager,  
People and Capability**

Leigh-Anne Buxton

**Pou Whakarae (Manager Māori Relations)**

Rick Witana

# Community outcomes

Our community outcomes describe what the GWRC aims to achieve in the long term to improve the Wellington region's wellbeing. All the activities we undertake contribute in some way to achieving one or more of our community outcomes. How specific activities contribute towards community outcomes is described at the start of each of our activity chapters. However we cannot achieve our community outcomes on our own. We work with other organisations such as local councils, government departments, business groups, iwi and community groups to achieve them.

Our community outcomes were originally derived from a set of common outcomes that were developed in 2006 by drawing together outcomes from all the councils in the Wellington region, and which were consulted on as part of the development of the Wellington Regional Strategy, the sustainable economic growth strategy for the region.

In 2010 changes were made to the requirements regarding community outcomes in the Local Government Act 2002, which now requires community outcomes to focus on the things that GWRC has the capacity and influence to achieve. The community outcomes outlined below reflect these new requirements but are derived from the outcomes previously agreed as part of the Wellington Regional Strategy.

Our outcomes are:

## **Strong economy**

*A thriving and diverse economy supported by high quality infrastructure that retains and grows businesses and employment.*

Our activities that contribute to this outcome are: Regional leadership (pg x), Environment (pg x), Public transport (pg x), Water supply (pg x) and Flood protection and control works (pg x)

## **Connected community**

*People are able to move around the region efficiently and our communications networks are effective and accessible.*

Our activities that contribute to this outcome are: Regional leadership (pg x), Public transport (pg x)

## **Resilient community**

*A community that plans for the future, adapts to change and is prepared for emergencies.*

Our activities that contribute to this outcome are: Regional leadership (pg x), Water supply (pg x), and Flood protection and control works (pg x)

## **Healthy environment**

*An environment with clean air, fresh water, healthy soils and diverse ecosystems that supports community needs.*

Our activities that contribute to this outcome are: Environment (pg x), Parks (pg x), Public transport (pg x), Regional leadership (pg x), Water supply (pg x) and Flood protection and control works (pg x)

## **Quality of Life**

*An engaged community that takes pride in our region, values our urban and rural landscapes, and enjoys our amenities and choice of lifestyles.*

Our activities that contribute to this outcome are: Regional leadership (pg x), Parks (pg x), Environment (pg x) and Flood protection and control works (pg x)

## **Community outcomes indicators**

GWRC has a set of community outcomes indicators which tell us if the region is progressing in the right direction towards these outcomes. As with the outcomes, they are aligned with the Wellington Regional Strategy and its indicators.

<b>Outcome</b>	<b>Outcome Indicator</b>	<b>Baseline<sup>1</sup></b>	<b>2012 results</b>
Strong Economy	Increase regional GDP per capita	GDP per capita of \$49,375 (2010)	GDP per capita of \$47,790 (2012)
	Decrease in unemployment rate	Unemployment rate of 5.9% (2010)	Unemployment rate of 6.4% (2012)
	Increase percentage of GDP spent on research and development	1.79% of GDP spent on research and development (2010)	1.99% of GDP spent on research and development (2012)
Connected community	Maintain or decrease peak AM/PM congestion	Peak AM/PM congestion rate of 28.2 seconds delay per kilometre travelled (2010)	Peak AM/PM congestion rate of 25.8 seconds delay per kilometre travelled (2012)
	Increase public transport boardings per capita	Public transport boardings per capita of 73.6 (2010)	Public transport boardings per capita of 72.3 (2012)
	Increase ease of making a journey across the region by public transport	56% of respondents rated getting around the region by public transport as somewhat easy, very easy or extremely easy (2010)	60% of respondents rated getting around the region by public transport as somewhat easy, very easy or extremely easy (2012)
	Increase access to public transport	78.6% of people live within 400m of a public transport stop (2010)	89.0% of people live within 400m of a public transport stop (2012)
	Increase household access to broadband	68.5% of households have broadband (2009)	80.0% of households have broadband (2012)
Resilient community	Increase household preparedness for emergencies	72% of households surveyed have adequate supplies of emergency food and water (2010)	81% of residents surveyed stated they have adequate supplies of emergency food and water.
	Increase business preparedness for emergencies	56% of business surveyed have business continuity plans in place (2009)	No new data. This survey has not been carried out due to the establishment of the Wellington Region Emergency Management Office (WREMO) in July 2012 which is developing new indicators of community resilience
Healthy Environment	Maintain air quality	Concentrations of suspended particles (PM <sub>10</sub> ) were at good/excellent levels on 80.9% of sampled days (2010)	Concentrations of suspended particles (PM <sub>10</sub> ) were at good/excellent levels on 84.9% of sampled days (2012)

<sup>1</sup> Baselines may not be the same as in the Long Term Plan 2012-22 as, where appropriate, they have been adjusted to reflect the best data currently available. For example GDP baselines have been updated to 2012 dollar value.

	Maintain or improve fresh water quality for recreation	36% of monitored fresh water recreation sites were given suitability for recreation grades of fair, good or very good over the summer bathing months (2010)	50% of monitored fresh water recreation sites were given suitability for recreation grades of fair, good or very good over the summer bathing months (2012)
	Maintain or improve coastal/marine water quality for recreation	58% of monitored coastal/marine recreation sites were given suitability for recreation grades of good or very good over the summer bathing months (2010)	64% of monitored coastal/marine recreation sites were given suitability for recreation grades of good or very good over the summer bathing months (2012)
	Maintain ground water quality	Median nitrate concentrations were low (<3mg/L) in 80% of monitored bores (2010)	Median nitrate concentrations were low (<3mg/L) in 77% of monitored bores (2012)
	Maintain or improve stream and river health	69% of monitored sites had a macroinvertebrate community index classification of good or excellent (2010)	64% of monitored sites had a macroinvertebrate community index classification of good or excellent (2012)
	Maintain soil quality on dairy farms and dry stock sites	83% of dairy farms (2009) and 91% (2008) of drystock farms had no more than one soil quality indicator outside of the target range	No new data available
	Increase in QEII covenanted areas	6,011ha of land is registered under QEII covenant (2010)	6,056ha of land is registered under QEII covenant (2012)
	Decrease water use per capita	Average daily water supply of 374.3 litres/person (2010) <sup>2</sup>	Average daily water supply of 359.2 litres/person (2012). Water use in the GWRC bulk supply area hit its lowest level in over 25 years due to a public awareness campaign and water restrictions implemented because of the high risk of water shortage
	Maintain or decrease CO <sub>2</sub> emissions from transport	Land transport fuel combustion produced 1,086 kilotonnes of CO <sub>2</sub> emissions (2011)	Land transport fuel combustion produced 1,076 kilotonnes of CO <sub>2</sub> emissions (2012)
Quality of life	Maintain or increase voter turnout in Council	Voter turnout of 43% in 2010 regional council election	No new data available. <i>(The next election to be reported)</i>

<sup>2</sup> This regional indicator includes reticulated water supply in Kapiti and Wairarapa as well as the reticulated areas connected to the GWRC bulk water supply: Lower Hutt, Porirua, Upper Hutt and Wellington cities.

	elections		<i>on is in October 2013).</i>
	Maintain or increase perception that the public can influence council decision making	52% of respondents in the region thought the public had an influence on council decision making (2010)	46% of respondents in the region thought the public had an influence on council decision making (2012)
	Maintain perception of quality of life	85% of residents rated their quality of life as good or extremely good (2010)	85% of residents rated their quality of life as good or extremely good (2012)
	Maintain sense of pride in the way their city looks and feels	63% of residents agreed or strongly agreed that they felt a sense of pride in the way their city looks and feels (2010)	66% of residents agreed or strongly agreed that they felt a sense of pride in the way their city looks and feels (2012)
	Maintain access to local parks and other green spaces	94% of residents thought it was easy or very easy to get to a local park or other green space (2010)	93% of residents thought it was easy or very easy to get to a local park or other green space (2012)

# Key achievements for 2012/13

## Regional Leadership

- Memorandum of Partnership signed with tangata whenua which confirms Ara Tahi as the region's leadership forum and Te Upoko Taiao as the principle expression of shared environmental policy decision-making.
- The Wellington Public Transport Spine Study was completed, having assessed more than 80 options for a future high quality, high frequency public transport system through Wellington City's central spine. Following extensive modelling and international evidence to provide a final analysis of the best three options, a Bus Rapid Transit system was found to deliver the most benefits and the highest benefit/cost ratio.
- An independent panel headed by Sir Geoffrey Palmer and sponsored by GWRC and Porirua City Council considered future arrangements for local government in Wellington. Based on the Panel's findings a Working Party (with membership from GWRC, Porirua City Council, Kāpiti Coast District Council and Wellington City Council) carried out further work and prepared a submission for reorganisation to the Local Government Commission.
- The new Wellington Region Emergency Office (WREMO) commenced business on 2 July 2012. During the first year of operation, WREMO responded to 4 regional and local events including the most significant storm to hit the region in several decades and was awarded three international awards from the International Association of Emergency.
- A review of the Council's representation arrangements was completed, with the Council's decision to retain its existing representation arrangements confirmed by the Local Government Commission.

## Public transport

- All 48 of the new 2-car Matangi trains were in operational service.
- A contract was signed for the delivery of a further 35 2-car Matangi trains, as well as upgrades to the existing Matangi fleet.
- The conversion of six SE carriages for use on the Wairarapa line was completed in order for the carriages to enter service in July 2013.
- GWRC secured access to the regional rail network with the signing of a 85 year track access agreement with KiwiRail.
- GWRC completed the purchase of NZTA land at Porirua for 'park and ride'.
- A new rail asset management plan was produced.
- The first annual Metropolitan Rail Report was produced.
- Wellington City Bus Review continued with further meetings with resident and stakeholder groups on the review on draft timetables for the proposed new network.
- The rollout of real-time information system for bus services was completed, with information available through on-street platform display signs, on mobile phones and the internet.
- Electronic signs were installed at rail stations and used to display timetable information and service messages.
- Initial public consultation was undertaken to develop a new public transport fare structure, and the Council agreed on its preferred future fare structure for future consultation.
- There were almost 1.5 million visits to the Metlink mobile website, a 177% increase on 2011/12.



## **Water supply**

- GWRC won a New Zealand Engineering Excellence Award for its part in developing a ground-breaking chemical process for water treatment, which has helped to cut chemical costs by almost 25%, as well as reducing chemical use and waste volumes.
- The two-part upgrade project to improve resilience of water storage lakes against earthquake damage and to increase their capacity is almost complete. Lake Two was seismically upgraded and its capacity increased during 2012. Lake One was upgraded this summer and will be back in service in November 2013.
- Work continued on the options for emergency water sources that would provide a “survival” level of water following a major earthquake, including the possibility of a pipeline that would cross the harbour from Seaview to Wellington city.
- A new, flexible, development strategy was adopted, with the aim of giving the community options in the scale, cost and location of our next water source, whenever that becomes needed. Negotiations are underway to purchase land at Kaitoke for long-term water supply development purposes that could allow for up to three off-river storage lakes.

## **Environment**

- A collaborative consultation project to improve the health of Porirua Harbour has seen GWRC recognised with a best practice award by the New Zealand Planning Institute. GWRC staff worked with staff from Porirua City Council, Wellington City Council, Ngati Toa Rangatira and community groups for four years to deliver the Porirua Harbour and Catchment Strategy and Action Plan.
- Land and Environment Plans were introduced to encourage landowners to sustainably manage nutrient and sediment discharges on a catchment basis.
- Guidelines for assessing water takes were developed, and an earthworks site scoring system was developed to assist with compliance.
- The Basin Reserve, Peka Peka to Otaki, and Mackays to Peka Peka (M2PP) national consenting processes were inputted; including resolving all key GWRC regulatory, operational and land ownership issues through the M2PP Board of Inquiry hearing process.
- A water management strategy was implemented with a focus this year on consent holder compliance with the Resource Management (Measurement and Reporting of Water Takes) Regulations.
- Two large aerial 1080 control operations were successfully completed in the Wainuiomata / Orongorongo Catchment and the Otaki Buffer project.
- The Regional Possum and Predator Control Programme commenced in Kapiti and Porirua (covering 12,300 ha) and continued in North Wairarapa (15,500 ha).
- A further 6 hectares of poplar and willow nursery was established at the Akura Conservation Centre and Stage 1 of the yard development plan was completed.
- 145 areas with high biodiversity value sites were actively managed to control threats to their ecological health, predominantly by controlling pest plants and animals. These areas were on GWRC, territorial authority and private land.
- Draft 10–year biodiversity management plans were prepared for six regional parks.

## **Flood protection and control works**

- The Boulcott-Hutt Stopbank (part of the Hutt River Floodplain Management Plan) was substantially completed one year ahead of schedule.
- One new access point has been developed on the south bank of the Otaki River as part of the Chrystalls land purchase.

- Project scoping for the Hutt River City Centre Project was completed.

#### **Parks**

- A management plan for Baring Head / Oroua-pouanui was completed, which identifies significant features and the future management focus for this area of East Harbour Regional Park.
- Development of the Parangarahu Lakes area co-management plan commenced in partnership with the Port Nicholson Block Settlement Trust.
- A review of track upgrade and development needs across the parks network was commenced, to increase opportunities for families and youth, and particularly relatively inactive people. A number of track upgrades were completed to improve access for a wider range of people.
- The historic Lower Dam at the Wainuiomata Recreation Area was opened to public use.
- The 25th anniversary of the opening of the Rimutaka Rail Trail and the 60th anniversary of Queen Elizabeth Park were celebrated.

## Working with iwi

This year the GWRC has worked constructively with tangata whenua in the region across a range of initiatives. The key groups and projects being worked on are:

### **Ara Tahi**

Ara Tahi is a leadership forum of the six tangata whenua groups in the Wellington region and GWRC. Ara Tahi was established in 1993 as a Māori Advisory Group and in the last two years has focused more on strategic matters of mutual concern.

Ara Tahi was instrumental in the development of a Memorandum of Partnership. The Memorandum of Partnership replaces the Charter of Understanding that had been in effect since 1993 and outlines how GWRC and tangata whenua will work together.

### **Te Upoko Taiao – Natural Resource Management Committee**

Te Upoko Taiao – Natural Resource Management Committee is responsible for overseeing the review of GWRC's Regional Plans. Te Upoko Taiao – Natural Resource Management Committee is made up of equal numbers of councillors and appointed members from tangata whenua. It operates as part of the partnership between the Council and tangata whenua. This partnership model saw the committee win the IPANZ Gen-I Public Sector Award for Excellence in Crown- Māori Relationships 2012, an award sponsored by Te Puni Kōkiri.

As part of the plan review process, Te Upoko Taiao – Natural Resource Management Committee has extended the partnership model to the wider community. This has been achieved by using an enhanced engagement process to identify key resource management issues facing the region and to work through policy options to achieve outcomes sought in relation to these issues. This process has seen approximately 1800 people involved in the plan process to date. Te Upoko Taiao – Natural Resource Management Committee aims to publically release a draft second generation regional plan in 2014.

### **Iwi representation on committees**

Ara Tahi nominates one tangata whenua representative to each of the Greater Wellington Regional Council's Wellbeing Committees; Environmental, Economic, Social and Cultural, as well as the Regional Transport Committee.

These representatives actively participate on these committees and provide a Māori perspective to the discussions and decision making.

### **Iwi projects**

Iwi project funding was provided to Ngāti Toa Rangatira for Phase Two of a project to further enhance their kaitiaki role in the revitalisation of Porirua Harbour, and to Nga Hapu o Otaki for the restoration of land and Lake Waorongomai. The project fund affords the opportunity for iwi to exercise their rangatiratanga within the community.

### **Co-Management Groups**

The Wairarapa Moana Governance and Management groups (made up of GWRC councillors, staff and local iwi representatives) continues to work in partnership for the benefit of Wairarapa Moana.

The Whitireia Park Board (made up of 3 GWRC councillors and Ngāti Toa Rangatira representatives) has been established and is setting the direction and strategy for the management of Whitireia Park.

Rōpu Tiaki has been established for co-management of the Parangarahu lakes between Port Nicholson Block Settlement Trust and GWRC. This group has been developing a management plan for the lakes.

# Corporate sustainability

GWRC has made a commitment to monitor and improve its environmental performance in undertaking activities across the region. Whilst this sits outside of the formal reporting framework outlined in the Long Term Plan 2012-2022, it does contribute to GWRC’s overall performance story.

The organisational commitment to corporate sustainability stems from GWRCs participation in the Communities for Climate Change Protection Programme (now no longer in operation), and focussed on reducing carbon emissions and becoming a more environmentally responsible organisation. GWRC set emissions reduction goals for its key activities for the year 2012, and developed a set of actions to achieve the goals. The focus areas for reducing carbon emissions are:

- Vehicle fleet
- Water production and supply
- Employee commute
- Waste
- Airline travel
- Buildings and installations.

## Progress

Greenhouse gas inventories were prepared for the 2005/06 and 2010/11 financial years. The inventories show that, overall, GWRC has:

- Reduced its corporate emissions by around 15%
- Achieved three of its six 2012 targets (water supply, employee commute, and buildings and installations)
- Reduced emissions in two other key areas (vehicle fleet and waste).

The table below shows the council’s historical emissions, the reduction targets and actual emissions for each emission type.<sup>3</sup>

Emission Type	2005/06 kg CO2-e	2010/11 kg CO2-e	2012 target	2012 actual
<b>Total emissions</b>	5,569,000	4,647,000	-18%	- 15.6%
<b>Mobile Combustion (petrol and diesel from vehicle fleet)</b>	890,000	823,000	- 30%	-7.5%
<b>Water Supply</b>	4,761,000	2,795,000	- 15%	-41%
<b>Employee commute</b>	247,000	177,000	- 28%	-29%
<b>Waste</b>	40,000	38,800	-30%	-3%
<b>Air Travel (domestic and international)</b>	39,000	86,000	- 5%	+ 121%
<b>Buildings and Installations</b>	1,248,056	947,423	-20%	-24%

The most notable reduction has been made in GWRC’s regional water supply system, where a 41% reduction in emissions has been achieved. This success can be attributed to the improved efficiency of pumps and electric motors, a reduction in the amount of chemicals being used in water treatment, and the installation of electricity generating mini hydrogenation turbines.

The results also show a significant increase in GWRC air travel, which can be attributed to staff travelling to Korea to negotiate the purchase and manage the delivery of the new Matangi trains for the Wellington region.

## Continued Commitment

GWRC is committed to continually looking for opportunities to reduce our carbon emissions and further embed environmental sustainability within our operations. We will regularly report on our emissions reductions progress and wider sustainability initiatives, and are currently reviewing our action plan and targets.

<sup>3</sup> Due to changes in emissions factors, boundary definitions, measurement units, and other factors, some of the comparisons are indicative rather than absolute.

# Financial Overview

Council - Statement of comprehensive income	Council		
	2013 Actual \$000s	2013 Budget \$000s	2012 Actual \$000s
Operational Revenue	202,299	204,131	191,768
Finance costs	7,925	8,173	7,233
Operational expenditure	184,760	199,610	178,648
<b>Operational surplus / (deficit) for the year before transport</b>	9,614	(3,652)	5,887
Transport improvement grants and subsidies revenue	14,007	16,538	113,497
Transport improvement expenditure	(26,590)	(28,318)	(121,566)
<b>Net revenue / (expenditure) for transport improvements</b>	(12,583)	(11,780)	(8,069)
<b>Surplus / (deficit) for the year before tax and fair value gains / (losses)</b>	<b>(2,969)</b>	<b>(15,432)</b>	<b>(2,182)</b>
Fair value gains / (losses) in profit and loss	3,321	3,430	(3,343)
Tax	-	-	-
<b>Surplus / (deficit) after tax</b>	352	(12,002)	(5,525)
<b>Other comprehensive income</b>			
Increases / (decreases) in revaluations	111,102	-	50,563
Fair value movements in other comprehensive income	180	180	(2,363)
<b>Total comprehensive income / (deficit) for the year</b>	<b>111,634</b>	<b>(11,822)</b>	<b>42,675</b>

Greater Wellington's net operating surplus for the 2012/13 year before fair value gains and losses and transport improvements was \$9.614 million, compared with a budgeted deficit of \$3.652 million. Including the transport improvements, fair value movements and tax the net surplus was \$352,000, which is \$12.3 million ahead of budget.

In other comprehensive income, the five yearly revaluation of the Water and parks assets increased their value by \$111 million, which was a larger increase than expected over this time.

Significant components of this variance are:

## Grants and subsidies - Revenue and expenditure

Greater Wellington receives grant revenue to fund various transport programmes and projects. Revenue is only received when expenditure is incurred and grant revenue is \$6.3 million lower due to the lower transport expenditure including:

- Lower expenditure for purchase of Matangi trains of \$2.6 million due to a revised payment schedule.
- Lower expenditure on the Wellington Depot upgrades, \$1.3 million. This work is expected to be completed in 2013/14.
- Lower trolley bus infrastructure renewals expenditure \$3.4 million. This work is currently being reviewed.
- Lower rail contract expenditure of \$5.5m because of higher than budgeted fare revenue and savings in rail operating costs.
- Lower diesel bus operations expenditure of \$1.1m as contractual inflation payments have been lower than expected.
- Lower expenditure on rail contracting. This expenditure has been delayed but will be required prior to the expiry of the current contracts in June 2016

Grant revenue for the Wairarapa Water Use Project was reclassified from Capital expenditure to Operational expenditure, \$0.4 million

## Other Revenue

- Interest revenue from investments was \$1.3 million higher due to higher cash balances being held at the end of last year for the Matangi 1 project.

#### Finance Costs

Finance costs were lower than budget due to the lower level of capital expenditure compared to budget and favourable interest rates.

#### Asset Revaluations

Asset revaluations are typically done every five years and the revaluation of Water, parks and forests assets resulted in an \$111 million increase in the value of these assets. This was larger than expected which emphasises the on-going financial challenge of building and replacing key infrastructure for the region.

#### Council - Statement of financial position

	Council		
	2013 Actual \$000s	2013 Budget \$000s	2012 Actual \$000s
Current assets	78,708	82,431	83,030
Non-current assets	948,550	831,159	833,028
<b>Total assets</b>	<b>1,027,258</b>	<b>913,590</b>	<b>916,058</b>
Equity	827,628	681,421	715,994
Current liabilities	99,153	76,643	72,135
Non-current liabilities	100,477	155,526	127,929
<b>Net equity and liabilities</b>	<b>1,027,258</b>	<b>913,590</b>	<b>916,058</b>

#### Cash and cash equivalents and other financial assets

Cash and other financial deposits held at balance date is lower than budget by \$38.3 million, this is due to the prefunding balances held for the Matangi 1 project at the end of last year were utilised during the year and some cash contingency funds being placed on a longer term deposit than last year end.

#### Investment in subsidiaries

Council share of the new rail rolling stock and is funded by way of share capital in Greater Wellington Rail Limited. The timing of the expenditure on the Matangi trains is different to budget noted above. This movement for the year is attributed solely to share capital called of \$8.9 million compared to a budget of \$14.9 million.

#### Property, plant and equipment – capital expenditure

Delays in the land purchase for the 3rd Water Supply lake, budgeted at \$4 million, were offset by \$2.5m expenditure on the Boulcott / Hutt stop bank which was brought forward from 2013/14. Overall capital expenditure was \$27 million

#### Property, plant and equipment valuation

The revaluation of the Water parks and forests infrastructure assets added \$111 million to the value of these assets.

#### Debt

Debt is \$13 million below budget, primarily due to the lower level of capital expenditure compared to budget and utilising prefunded cash balances for last year end to fund the Matangi rolling stock owned by Greater Wellington Rail Limited.

**Council - Statement of cash flows**

Cashflows from operating activities	(30,954)	(2,197)	15,034
Cashflows from investing activities	(50,251)	(44,025)	(23,935)
Cashflows from financing activities	41,871	52,754	18,023
Net increase (decrease) in cash, cash equivalents and bank overdraft	(39,334)	6,532	9,122
Opening cash equivalents	47,669	40,111	38,547
Closing cash equivalents	<b>8,335</b>	<b>46,643</b>	<b>47,669</b>

Council		
2013 Actual \$000s	2013 Budget \$000s	2012 Actual \$000s
(30,954)	(2,197)	15,034
(50,251)	(44,025)	(23,935)
41,871	52,754	18,023
(39,334)	6,532	9,122
47,669	40,111	38,547
<b>8,335</b>	<b>46,643</b>	<b>47,669</b>

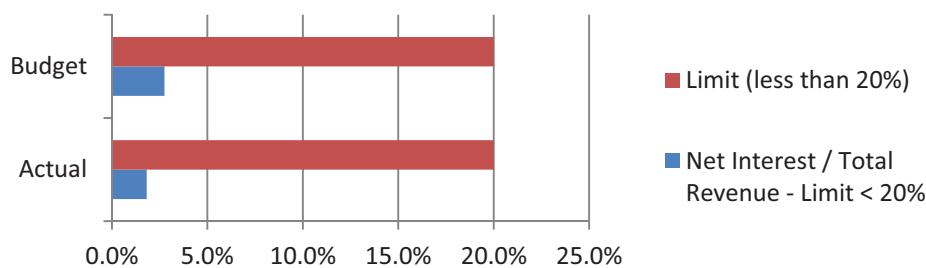
Actual cash flow from operations is a lot lower than budget due to funding the council share of the transport improvements. This was primarily funded from the prefunding put in place in 2011/12 resulting in a lower cash equivalents balance at year end.

### Financial Strategy limits

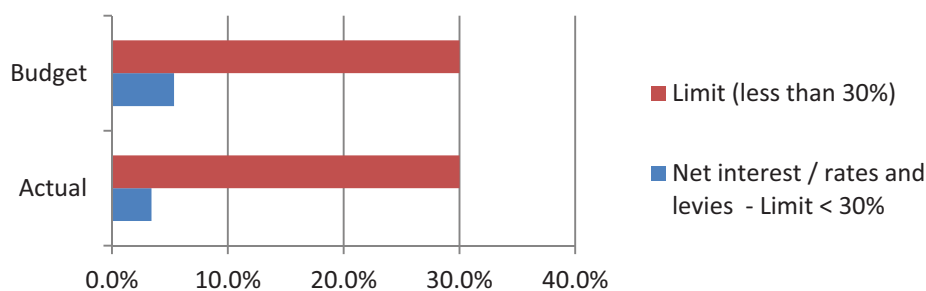
The goal of our financial strategy is to ensure GWRC delivers good value for ratepayers' money by delivering the right services at the best cost. The Strategy encompasses 3 key financial limits that the council has adopted.

The following graphs show that the council is being managed well within these prudent financial limits

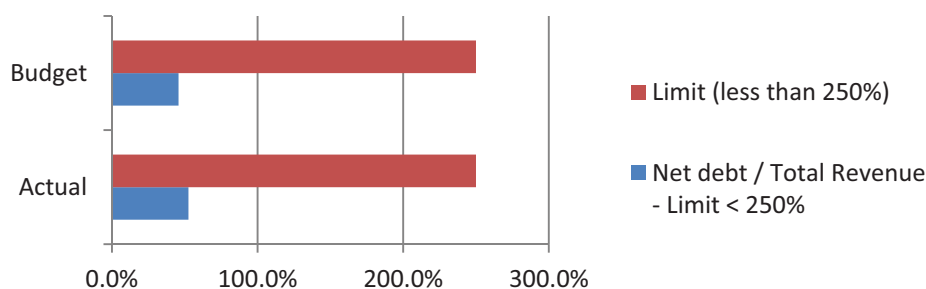
Net Interest / Total Revenue - Limit < 20%



Net interest / rates and levies - Limit < 30%

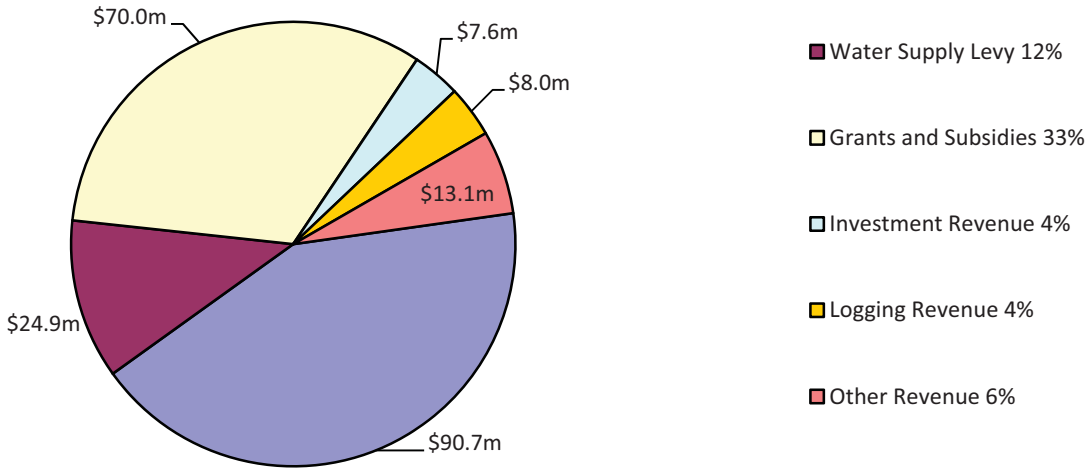


Net debt / Total Revenue - Limit < 250%



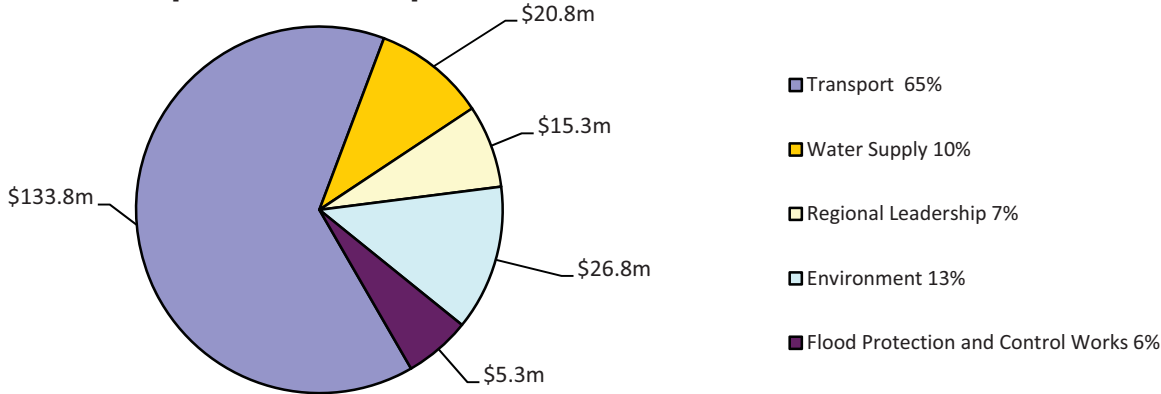
# Council Revenue and expenditure

## Council Revenue



This pie chart illustrates Greater Wellington's source of revenue. Rates made up 42.0% of our revenue in 2013. Grant and subsidies, predominately from Central Government for public transport makes up the next largest share at 33%.

## Council Operational Expenditure



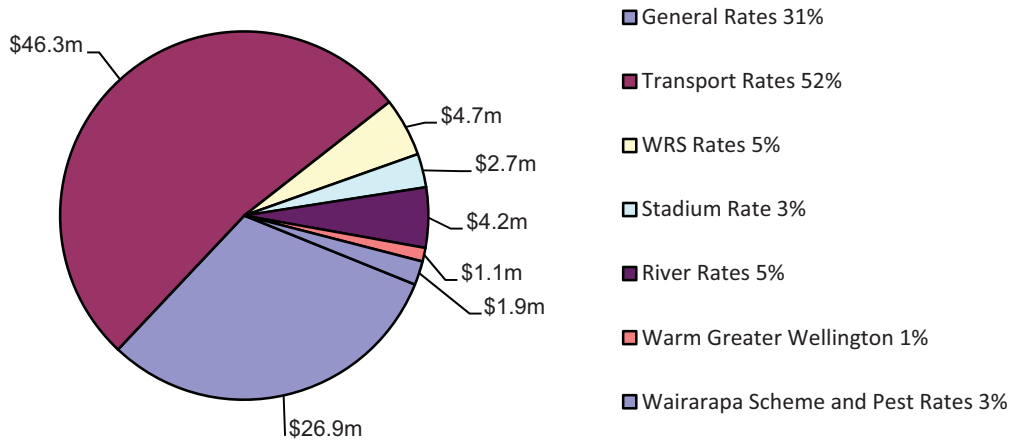
\* Includes \$26m of expenditure on transport improvements

This pie chart illustrates Greater Wellington's operational expenditure by outcome. The largest portion is for public transport, which includes \$26 million being invested in rail rolling stock and network improvements during 2013. This expenditure is treated as operational expenditure at Council level, but capital expenditure at the group level.



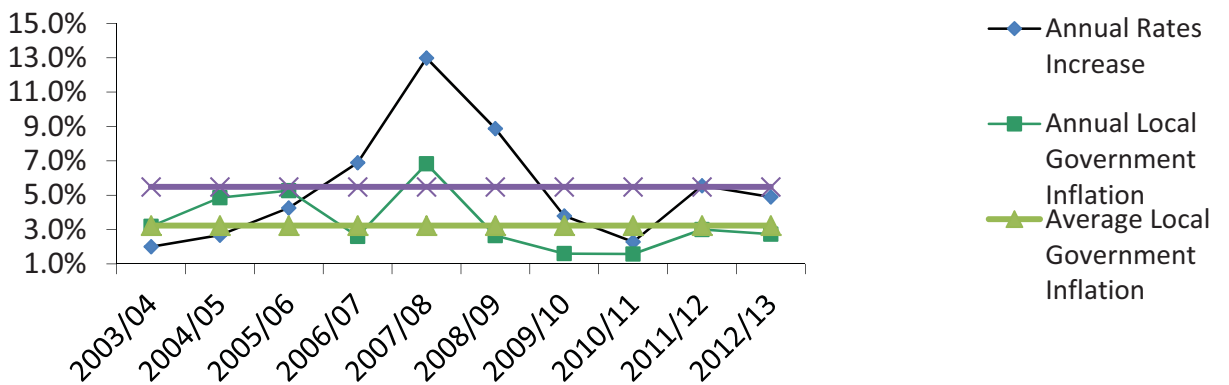
# Rates

## Council Rates



General rates charged to all ratepayers make up 31% of the total rates collected in 2013. The other rates, including the transport rate which made up 52% of rates are targeted rates which are apportioned to reflect the ratepayers that are benefiting more from the expenditure and investment that Council is making.

## Average rates changes



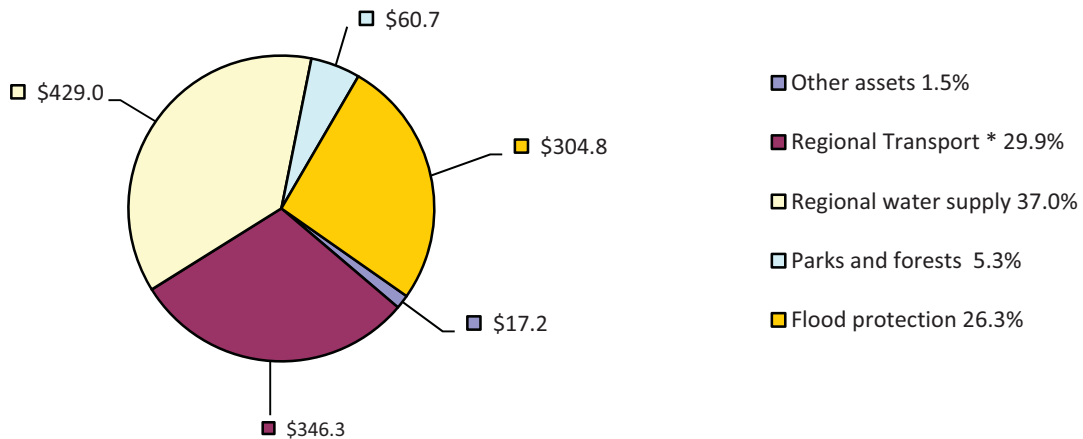
\*The increase in 2007/08 was when the Wellington Regional Council assumed responsibility for the Wellington Regional Strategy and the funding of the regions

Over the last ten years, rates for all properties have increased by an average of 5.5% including inflation. Over this period the Local Government costs index averaged a 3.2% per annum increase.

This increase includes the change for Greater Wellington taking on rating for economic development for the region in 2008; the major investment in improving the rail network and the continuation of the flood protection programme. It is this continued investment in regional infrastructure that requires rates increases to be ahead of inflation. This average increase is within the financial limits of the council which are 5.5% average increase for service improvements and 3% for operational increases.

# Assets and Capital expenditure

Council property, plant & equipment (\$ millions)



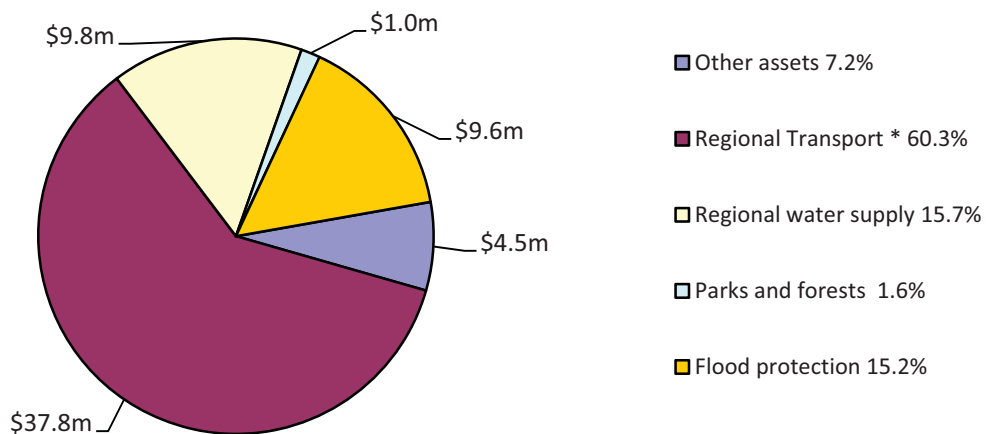
This pie chart shows the breakdown of our assets at the year end.

Greater Wellington looks after many important community assets. Our asset base consists of regional water supply, regional parks and forests, flood protection and, increasingly, public transport. The new Matangi trains, the Ganz Mavag trains and all stations excluding Wellington station are owned by the Greater Wellington subsidiary, Greater Wellington Rail Limited and are included in the above numbers.

Continued management and investment in these assets is essential. Greater Wellington maintains and updates detailed asset management plans to ensure we look after these assets on behalf of the community.

\* Public Transport includes \$333.5 m of rail rolling stock railway station infrastructure owned by Greater Wellington Rail Limited, a Council subsidiary

Council capital expenditure (\$ millions)



\* Includes \$121.6 million of transport improvements which are treated as operational expenditure in Council's accounts.

This pie chart shows the breakdown of the \$62.5 million in capital and improvement expenditure for the year ended 30 June 2013. The transport number includes \$35 million of transport improvements which are treated as operational expenditure in council accounts. It is included in the above graph to illustrate the extent of this year's investment in public transport.

## Financial Overview - Group

Group - Statement of comprehensive income	Group	
	2013 Actual \$000s	2012 Actual \$000s
Operational Revenue	268,717	253,331
Finance costs	17,089	16,463
Operational expenditure	257,715	234,707
<b>Operational surplus / (deficit) for the year before transport</b>	<b>(6,087)</b>	<b>2,161</b>
Transport improvement grants and subsidies revenue	14,007	113,497
Transport improvement expenditure	(1,385)	(6,993)
<b>Net revenue / (expenditure) for transport improvements</b>	<b>12,622</b>	<b>106,504</b>
<b>Surplus / (deficit) for the year before tax and fair value gains / (losses)</b>	<b>6,535</b>	<b>108,665</b>
Fair value gains / (losses) in profit and loss	10,161	(21,329)
Tax	-	364
<b>Surplus / (deficit) after tax</b>	<b>16,696</b>	<b>87,700</b>
<b>Other comprehensive income</b>		
Increases / (decreases) in revaluations	105,137	45,763
Fair value movements in other comprehensive income	489	(2,363)
<b>Total comprehensive income / (deficit) for the year</b>	<b>122,322</b>	<b>131,100</b>

Group - Statement of financial position	Group	
	2013 Actual \$000s	2012 Actual \$000s
Current assets	98,756	96,798
Non-current assets	1,515,023	1,403,177
<b>Total assets</b>	<b>1,613,779</b>	<b>1,499,975</b>
Equity	1,160,602	1,042,732
Current liabilities	106,944	84,162
Non-current liabilities	346,233	373,081
<b>Net equity and liabilities</b>	<b>1,613,779</b>	<b>1,499,975</b>

Group - Statement of cash flows	Group	
	2013 Actual \$000s	2012 Actual \$000s
Cashflows from operating activities	(16,255)	29,023
Cashflows from investing activities	(65,946)	40,126
Cashflows from financing activities	42,935	(60,683)
<b>Net increase (decrease) in cash, cash equivalents and bank overdraft</b>	<b>(39,266)</b>	<b>8,466</b>
Opening cash equivalents	48,385	39,919
<b>Closing cash equivalents</b>	<b>9,119</b>	<b>48,385</b>

The Group results include CentrePort Limited, Grow Wellington Limited, WRC Holdings Limited, Pringle House Limited, Port Investments Limited and Greater Wellington Rail Limited.

**Greater Wellington Regional Council  
Financial statements for the year ended 30  
June 2013**

## Contents

	Page
Financial statements	
Statements of comprehensive income	2
Balance sheets	3
Statement of changes in equity	4
Cash flow statements	5
Funding impact statements	6
Financial reserves	7
Debt	8
Notes to the financial statements	
1 Reporting entity	9
2 Accounting policies	9
3 Operating revenue	21
4 Other gains / (losses) - net	21
5 Employee benefits	22
6 Finance costs	22
7 Depreciation and Amortisation	22
8 Other operating expenditure	23
9 Fair value movements	24
10 Taxation	25
11 Current tax assets and liabilities	26
12 Deferred tax	26
13 Cash and cash equivalents	27
14 Trade and other receivables	28
15 Inventories	30
16 Other financial assets	30
Other Financial Assets (continued)	31
17 Aggregate joint venture information	32
18 Property, plant and equipment	33
19 Intangible assets	37
20 Forestry investments	39
21 Investment properties / Investment assets held for sale	39
22 Investments in subsidiaries	41
23 Derivative financial instruments	42
24 Trade and other payables	42
25 Debt	43
26 Employee benefit liabilities	44
27 Provisions	44
28 Reconciliation of operating surplus / (deficit) with cashflow from operating activities	45
29 Financial risk management	46
30 Contingencies	59
31 Related party transactions	59
32 Remuneration	61
33 Capital commitments and operating leases	63
34 Discontinued operations	64
35 Severance payments	64
36 Major variances between actual and budget	65
37 Events occurring after the balance date	66

Greater Wellington Regional Council  
Statements of comprehensive income  
For the year ended 30 June 2013

		<b>Actual</b>	<b>Council</b>		<b>Actual</b>	<b>Group</b>
	Note	<b>2013</b>	<b>Budget</b>	Actual	<b>2013</b>	Actual
		<b>\$'000</b>	<b>\$'000</b>	2012	<b>\$'000</b>	2012
				\$'000		\$'000
<b>Operating revenue</b>						
Rates and levies	3	115,549	115,146	109,165	115,549	109,165
Transport Operational grants and subsidies	3	57,482	60,962	52,227	57,482	40,624
Transport Improvement grants and subsidies	3	14,007	16,538	113,497	14,007	113,497
Other gains	4	3	224	118	310	118
Other revenue	3	29,265	27,799	30,258	95,374	103,424
<b>Total operating revenue and gains</b>		<b>216,306</b>	<b>220,669</b>	305,265	<b>282,722</b>	366,828
<b>Operating expenditure</b>						
Employee benefits	5	(37,917)	(38,905)	(35,661)	(59,250)	(57,206)
Grants and subsidies		(85,881)	(93,115)	(85,642)	(67,809)	(65,510)
Depreciation and amortisation	7	(12,744)	(12,673)	(12,372)	(38,941)	(32,466)
Finance costs	6	(7,925)	(8,173)	(7,233)	(17,089)	(16,463)
Other operating expenses	8	(48,219)	(54,917)	(44,973)	(91,716)	(79,525)
Transport improvement expenditure		(26,590)	(28,318)	(121,566)	(1,386)	(6,993)
<b>Total operating expenditure</b>		<b>(219,276)</b>	<b>(236,101)</b>	(307,447)	<b>(276,191)</b>	(258,163)
<b>Operating surplus/(deficit) before other items and tax</b>		<b>(2,970)</b>	<b>(15,432)</b>	(2,182)	<b>6,531</b>	108,665
<b>Other fair value changes</b>						
Investment properties		-	-	-	1,002	(10,282)
Forestry	9	1,844	2,629	2,683	1,844	2,683
Gain financial instruments	9	1,477	801	(6,026)	7,315	(13,730)
<b>Total Fair Value Movements</b>		<b>3,321</b>	<b>3,430</b>	(3,343)	<b>10,161</b>	(21,329)
<b>Operating surplus/(deficit) before tax</b>		<b>351</b>	<b>(12,002)</b>	(5,525)	<b>16,692</b>	87,336
Tax expense	10	-	-	-	(3,219)	(26,614)
Surplus from continuing operations		<b>351</b>	<b>(12,002)</b>	(5,525)	<b>13,473</b>	60,722
Profit for the year from discontinued operations	34	-	-	-	-	364
<b>Operating surplus/(deficit) after tax</b>		<b>351</b>	<b>(12,002)</b>	(5,525)	<b>13,473</b>	61,086
<b>Other comprehensive income</b>						
Increases / (decreases) in revaluations		111,102	-	50,563	105,137	45,763
Movements in other reserves	9	180	180	(2,363)	489	(2,363)
Fair Value movement in Creative HQ Limited reserve		-	-	-	-	-
		<b>111,282</b>	<b>180</b>	48,200	<b>105,626</b>	43,400
<b>Total comprehensive income for the year</b>		<b>111,633</b>	<b>(11,822)</b>	42,675	<b>119,099</b>	104,486
<b>Attributed to:</b>						
Equity holders of the parent		111,633	(11,822)	42,675	123,298	105,860
Non-controlling interest		-	-	-	(4,199)	(1,374)

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

111,633 (11,822) 42,675 119,099 104,486

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

-2-

Date - 20 September 2013

Time - 12:48

Greater Wellington Regional Council  
Balance sheets  
As at 30 June 2013

		Actual	Council	Actual	Actual	Group	Actual
	Note	2013	Budget	2012	2013	2012	2012
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>							
<b>Current assets</b>							
Cash and cash equivalents	13	8,335	46,643	47,669	9,120	48,385	48,385
Trade and other receivables	14	29,202	35,788	31,737	33,204	36,004	36,004
Other Financial Assets	16	37,897	-	891	37,897	891	891
Inventories	15	3,003	-	2,733	18,265	11,518	11,518
Derivatives		268	-	-	268	-	-
<b>Total current assets</b>		<b>78,705</b>	<b>82,431</b>	83,030	<b>98,754</b>	96,798	96,798
<b>Non-current assets</b>							
Other financial assets	16	25,195	39,209	45,255	25,529	45,255	45,255
Property, plant and equipment	18	826,613	688,442	700,646	1,311,152	1,186,759	1,186,759
Intangible assets	19	3,367	-	4,243	3,745	4,622	4,622
Forestry assets	20	23,377	23,366	22,064	23,377	22,064	22,064
Investments in subsidiaries	22	68,514	80,142	59,981	-	-	-
Investment property	21	-	-	-	60,264	56,027	56,027
Derivatives	23	1,486	-	839	1,486	839	839
Deferred tax assets		-	-	-	6,625	8,727	8,727
Investments in Joint Ventures	17	-	-	-	82,844	78,884	78,884
<b>Total non-current assets</b>		<b>948,552</b>	<b>831,159</b>	833,028	<b>1,515,022</b>	1,403,177	1,403,177
<b>Total assets</b>		<b>1,027,257</b>	<b>913,590</b>	916,058	<b>1,613,776</b>	1,499,975	1,499,975
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Derivatives	23	134	-	-	134	939	939
Trade and other payables	24	21,464	49,922	60,248	24,471	63,759	63,759
Interest bearing liabilities	25	74,868	26,721	9,441	75,575	10,164	10,164
Employee benefits liabilities	26	2,687	-	2,446	6,152	5,965	5,965
Current tax liabilities	11	-	-	-	96	2,812	2,812
Provisions	27	-	-	-	519	523	523
<b>Total current liabilities</b>		<b>99,153</b>	<b>76,643</b>	72,135	<b>106,947</b>	84,162	84,162
<b>Non-current liabilities</b>							
Interest bearing liabilities	25	94,494	155,526	118,050	248,632	266,710	266,710
Derivatives	23	5,428	-	9,285	15,832	24,589	24,589
Employee benefits liabilities	26	555	-	594	896	1,130	1,130
Deferred tax liabilities	12	-	-	-	80,873	80,652	80,652
<b>Total non-current liabilities</b>		<b>100,477</b>	<b>155,526</b>	127,929	<b>346,233</b>	373,081	373,081
<b>Total liabilities</b>		<b>199,630</b>	<b>232,169</b>	200,064	<b>453,180</b>	457,243	457,243
<b>Net assets</b>		<b>827,627</b>	<b>681,421</b>	715,994	<b>1,160,596</b>	1,042,732	1,042,732
<b>EQUITY</b>							
Retained earnings		352,833	360,471	358,602	617,338	607,423	607,423
Reserves		474,794	320,950	357,392	496,602	391,188	391,188
Minority interest		-	-	-	46,656	44,121	44,121
<b>Total equity</b>		<b>827,627</b>	<b>681,421</b>	715,994	<b>1,160,596</b>	1,042,732	1,042,732

Fran Wilde  
Chair  
2 October 2012

David Benham  
Chief Executive  
2 October 2012

Warren Tocker  
Chief Financial Officer  
2 October 2012

Summary of significant accounting policies and the accompanying notes form part of these financial statements.



Greater Wellington Regional Council  
Statement of changes in equity  
For the year ended 30 June 2013

Note	Actual	Council	Actual	Actual	Actual
	2013	Budget	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000
				<b>Group</b>	
<b>Opening Equity</b>	<b>715,994</b>	<b>693,243</b>	673,319	<b>1,042,732</b>	939,446
Total comprehensive income	111,633	(11,822)	42,675	119,099	104,486
Dividend to non controlling interest	-	-	-	(1,235)	(1,200)
<b>Total closing equity at 30 June</b>	<b>827,627</b>	<b>681,421</b>	715,994	<b>1,160,596</b>	1,042,732
<b>Components of equity</b>					
Transfers to accumulated funds	-	-	-	-	-
<b>Asset revaluation reserves</b>					
Opening asset revaluation reserves	334,232	303,569	283,669	365,665	322,265
Asset revaluation movements	111,102	-	50,563	105,137	45,763
Transfers to accumulated funds	3,969	-	-	-	-
<b>Closing asset revaluation reserve</b>	<b>449,303</b>	<b>303,569</b>	334,232	<b>470,802</b>	368,028
<b>Other reserves</b>					
Opening other reserves	23,160	21,553	19,892	23,160	19,892
Transfers to accumulated funds	(2,651)	(4,172)	(5,259)	(2,651)	(5,259)
Transfers from accumulated funds	3,938	7,650	7,658	3,938	7,658
Interest earned	1,044	-	869	1,044	869
Movements in other reserves	180	-	(2,363)	489	(2,363)
Other transfers from reserves	(180)	-	2,363	(180)	2,363
<b>Closing other reserves</b>	<b>25,491</b>	<b>25,031</b>	23,160	<b>25,800</b>	23,160
<b>Retained earnings</b>					
Opening accumulated funds	358,602	368,121	369,758	653,907	597,289
Operating surplus / (deficit) after tax	351	(11,822)	(5,525)	13,473	61,086
Interest allocated to reserves	(1,044)	-	(869)	(1,044)	(869)
Other transfers to reserves	(3,938)	(7,650)	(7,658)	(3,938)	(7,658)
Transfers from reserves	2,651	4,172	5,259	2,651	5,259
Dividend to non controlling interest	-	-	-	(1,235)	(1,200)
Other transfers from reserves	(3,789)	-	(2,363)	180	(2,363)
<b>Closing accumulated funds</b>	<b>352,833</b>	<b>352,821</b>	358,602	<b>663,994</b>	651,544
<b>Total closing equity at 30 June</b>	<b>827,627</b>	<b>681,421</b>	715,994	<b>1,160,596</b>	1,042,732

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

Greater Wellington Regional Council  
Cash flow statements  
For the year ended 30 June 2013

		<b>Council</b>		<b>Group</b>		
	Note	<b>Actual 2013 \$'000</b>	<b>Budget 2013 \$'000</b>	Actual 2012 \$'000	Actual 2013 \$'000	Actual 2012 \$'000
<b>Cashflows from operating activities</b>						
Receipts from customers		-	-	-	56,747	59,123
Rates revenue received		94,682	90,258	86,050	94,682	86,050
Water supply levy received		24,890	24,888	24,164	24,890	24,164
Government subsidies received		67,443	77,500	165,656	67,443	165,685
Interest received		4,221	4,448	4,401	4,229	4,401
Dividends received		2,256	-	1,207	6,306	4,506
Fees, charges and other revenue		17,172	23,575	13,023	17,737	15,321
Payments to suppliers and employees		(121,068)	(214,333)	(65,026)	(160,403)	(108,900)
Payment of grants and subsidies		(112,471)	-	(207,208)	(108,925)	(202,847)
Interest paid		(8,079)	(8,533)	(7,233)	(17,360)	(18,211)
Income tax paid / (refund)		-	-	-	(1,600)	(269)
<b>Net Cashflows from operating activities</b>	28	<b>(30,954)</b>	<b>(2,197)</b>	15,034	<b>(16,254)</b>	29,023
<b>Cash flows from investing activities</b>						
Sale of property, plant and equipment		917	455	5,984	918	6,094
Sales of investments (bonds & term deposits)		134	-	5,581	134	5,581
Disposal of forestry investments		-	-	233	-	75,233
Purchase of property, plant and equipment		(27,185)	(29,625)	(23,654)	(40,253)	(34,476)
Purchase of intangible assets		(1,221)	-	(23)	(1,447)	(23)
Development of investment properties		-	-	-	(2,402)	(227)
Acquisition of investments		(22,896)	(14,855)	(12,056)	(22,896)	(12,056)
<b>Net Cashflows from investing activities</b>		<b>(50,251)</b>	<b>(44,025)</b>	(23,935)	<b>(65,946)</b>	40,126
<b>Cashflows from financing activities</b>						
Loan funding		41,871	63,640	75,000	47,354	74,997
Issue of shares		-	-	-	-	(20)
Debt repayment		-	(10,886)	(56,965)	-	(133,505)
Repayment of intercompany current account		-	-	(12)	(213)	(1,090)
Dividends paid to non-controlling interests		-	-	-	(4,206)	(1,065)
<b>Net Cashflows from financing activities</b>		<b>41,871</b>	<b>52,754</b>	18,023	<b>42,935</b>	(60,683)
<b>Net increase/(decrease) in cash and cash equivalents</b>						
		<b>(39,334)</b>	<b>6,532</b>	9,122	<b>(39,265)</b>	8,466
Cash and cash equivalents at the beginning of year		47,669	40,111	38,547	48,385	39,919
<b>Cash and cash equivalents at the end of year</b>	13	<b>8,335</b>	<b>46,643</b>	47,669	<b>9,120</b>	48,385

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

**COUNCIL  
FUNDING IMPACT STATEMENT  
FOR THE YEAR ENDING 30 JUNE 2013**

	<b>2012/13 Actual \$000s</b>	<b>2012/13 Budget \$000s</b>
<b>Sources of operating funding</b>		
General rate	28,028	27,468
Targeted rates	62,630	62,790
Subsidies and grants for operating purposes	70,462	75,354
Interest and dividends from investments	3,965	4,448
Fees, charges, and targeted rates for water supply	4,317	3,140
Fines, infringement fees, and other receipts <sup>1</sup>	43,697	45,323
<b>Total operating funding</b>	<b>213,099</b>	<b>218,523</b>
<b>Applications of operating funding</b>		
Payments to staff and suppliers	198,097	214,693
Finance costs	7,925	8,173
Internal charges and overheads applied	-	-
<b>Total applications of operating funding</b>	<b>206,022</b>	<b>222,866</b>
<b>Surplus/(deficit) of operating funding</b>	<b>7,077</b>	<b>(4,343)</b>
<b>Sources of capital funding</b>		
Subsidies and grants for capital expenditure	-	2,146
Increase / (decrease) in debt	6,442	48,582
Gross proceeds from asset sales	886	455
<b>Total sources of capital funding</b>	<b>7,328</b>	<b>51,183</b>
<b>Applications of capital funding</b>		
- to meet additional demand	2,153	6,615
- to improve the level of service	16,159	15,240
- to replace existing assets	-	7,770
Increase / (decrease) in investments	(6,238)	21,948
Increase / (decrease) in reserves	2,331	(4,733)
<b>Total applications of capital funding</b>	<b>14,405</b>	<b>46,840</b>
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>
<b>Depreciation on Council Assets</b>	<b>12,744</b>	<b>12,673</b>
<b>Water Supply Levy</b>	<b>24,890</b>	<b>24,888</b>

<sup>1</sup>This includes the Water supply levy charged to Wellington, Hutt, Lower Hutt and Porirua city councils

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations

For more information on the revenue and financing mechanisms, please refer to the "Revenue and Financing Policy" in the LTP 2012-22

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

## TOTAL COUNCIL FINANCIAL STATEMENTS

### Financial Reserves

We have two types of council created reserves, which are monies set aside by the council for a specific purpose:

- Retained earnings – any surplus or deficit not transferred to a special reserve is aggregated into retained earnings
- Other reserves – any surplus or deficit or specific rate set aside or utilised by council for a specific purpose. Reserves are not separately held in cash and funds are managed as part of Greater Wellington's treasury risk management policy.

Other reserves are split into four categories:

- Area of Benefit reserves – any targeted rate funding surplus or deficit is held to fund future costs for that area
- Contingency reserves – funds that are set aside to smooth the impact of costs associated with specific unforeseen events
- Special reserves – funds that are set aside to smooth the costs of irregular expenditure
- Rebudget reserves – expenditure that has been rated for in one year when the project will not be completed until the following year.

Council Created Reserves	Purpose of the Fund	Opening Balance	Deposits	Withdrawals	Closing Balance
		Jul-12			Jun-13
		\$000s	\$000s	\$000s	\$000s
<b>Area of benefit reserves</b>					
Public transport reserve	Any funding surplus or deficit relating to the provision of public transport services is used only on subsequent public transport expenditure	7,222	1,842		9,064
Transport planning reserve	Any funding surplus or deficit relating to the provision of public transport planning services is used only on subsequent public transport planning expenditure	1,965	104	234	1,835
WRS reserve	Any funding surplus or deficit relating to the Wellington Regional Strategy implementation is used only on subsequent Wellington Regional Strategy expenditure	-	620		620
Catchment scheme reserves	Any funding surplus or deficit relating to the provision of flood protection and catchment management schemes is used only on subsequent flood protection and catchment management expenditure	5,455	964	395	6,024
Land management reserves	Any funding surplus or deficit relating to the provision of targeted land management schemes is used only on subsequent land management expenditure	862	91	211	742
<b>Contingency reserves</b>					
Environmental legal reserve	To manage the variation in legal costs associated with resource consents and enforcement				
		300	15	124	191
Flood contingency reserves	To help manage the costs for the repair of storm damage throughout the region.	1,271	64	-	1,335
Rural fire reserve	To help manage the costs of rural fire equipment.	58	3		61
<b>Special Reserves</b>					
Election reserve	To manage the variation in costs associated with the election cycle	161	90	-	251
Corporate systems reserve	To manage the variation in costs associated with key IT infrastructure and software.	4,889	244	718	4,415
<b>Rebudget reserve</b>	Expenditure that has been rated for in 2012/13 when the project will not be completed until 2013/14	977	945	969	953
Total Reserves		23,160	4,982	2,651	25,491

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

## DEBT

AS AT 30 JUNE 2013

	2012/13	Council
	Budget	2013/14
	\$000s	Actual
		\$000s
Environment	1,228	1,177
Public transport	96,920	81,603
Water supply	59,404	55,219
Parks	4,291	4,149
Flood Protection and Control Works	47,939	51,168
Stadium	9,680	9,680
Forestry	31,792	32,105
Regional leadership	14,844	10,832
Property and investments	1,139	997
Corporate systems	1,898	944
<b>Total activities debt</b>	<b>269,135</b>	<b>246,877</b>
Treasury internal funding <sup>1</sup>	(86,888)	(77,515)
<b>Total external debt</b>	<b>182,247</b>	<b>169,362</b>
External debt (current)	26,721	24,868
External debt (non-current)	155,526	144,494
<b>Total external debt</b>	<b>182,247</b>	<b>169,362</b>

<sup>1</sup> 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

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

## 1 Reporting entity

Greater Wellington Regional Council (Greater Wellington) is a regional local authority governed by the Local Government Act 2002. The Group consists of Greater Wellington and its subsidiaries as disclosed below.

Financial statements for Greater Wellington (the "Parent") and consolidated financial statements (for the "Group") are presented.

For the purposes of financial reporting, Greater Wellington and its subsidiaries are designated as public benefit entities. The subsidiary companies comprise WRC Holdings, Pringle House Limited, Port Investments Limited, Greater Wellington Rail Limited, Grow Wellington Limited, Creative HQ limited and CentrePort Limited.

### Statement of compliance

The Group financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 and New Zealand Generally Accepted Accounting Practices (NZ GAAP).

These financial statements are prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), as appropriate for public benefit entities.

The financial statements of Greater Wellington are for the year ended 30 June 2013. The financial statements were authorised for issue by Council on \_\_\_\_\_.

### Accounting judgements and estimations

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 reported 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.

The estimates and underlying assumptions are reviewed on an on-going basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised, when the revision affects only that period. If the revision affects current and future periods, it is reflected in those periods.

## 2 Accounting policies

### 2.1 Basis of preparation

The consolidated financial statements are presented in New Zealand dollars, rounded to the nearest thousand. The functional currency of the Council and its subsidiaries and associate is New Zealand dollars. The consolidated financial statements 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 consolidated financial statements. The accounting policies have been applied consistently by Group entities.

### 2.2 Basis of consolidation

The consolidated financial statements include Greater Wellington and its subsidiaries. Subsidiaries are those entities controlled directly or indirectly by the Parent. The financial statements of subsidiaries are included in the consolidated financial statements using the purchase method. A list of subsidiaries appears in note 22 to the financial statements.

The minority interest represents Manawatu-Wanganui Regional Council's 23.1% share of CentrePort Limited. Greater Wellington's investment in subsidiaries is held at cost in Greater Wellington's own "parent entity" accounts.

Associates are entities in which the Group has significant influence but not control over their operations. Greater Wellington's share of the assets, liabilities, revenue and expenditure are included in the financial statements of the Group on an equity accounting basis.

All significant intercompany transactions are eliminated on consolidation.

## 2 Accounting policies (continued)

### 2.3 Revenue recognition

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

#### (i) Rates and levies

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

#### (ii) Government grants and subsidies

Greater Wellington receives government grants from the New Zealand Transport Agency. These grants subsidise part of Greater Wellington's costs for the following – the provision of public transport subsidies to external transport operators, the capital purchases of rail rolling stock within a Greater Wellington subsidiary and transport network upgrades owned by KiwiRail. The grants and subsidies are recognised as revenue when eligibility has been established by the grantor. Other grants and contributions from territorial local authorities are recognised as revenue when eligibility has been established by the grantor.

#### (iii) 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.

#### (iv) Rendering of services

Revenue on services is determined using the percentage of completion method.

#### (v) Dividends

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

#### (vi) 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.

#### (vii) 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 the Group are recognised as revenue when control over the asset is obtained.

### 2.4 Borrowing costs

Borrowing costs directly attributable to capital construction are capitalised as part of the costs of those assets. All other borrowing costs are recognised as an expense in the period in which they are incurred.

## 2 Accounting policies (continued)

### 2.5 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 costs 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:

- Port buildings, wharves and paving
- Operational port freehold land
- 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
- Capital work in progress
- Regional water supply infrastructural assets

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

### Valuations

Valuations for regional 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.

### Flood protection

The flood protection infrastructure assets were valued at 30 June 2012 using Optimised Depreciated Replacement Cost (ODRC) methodology in accordance with the guidelines published by the National Asset Management Steering (NAMS) Group.

The valuations were carried out by a team of qualified and experienced flood protection engineers from within the Flood Protection department. The asset valuation was reviewed by John Vessey, Principal Engineering Economist, Opus International Consultants. He concluded that the 2012 valuation of Greater Wellington's flood protection assets is deemed acceptable and appropriate for financial reporting purposes.

Western flood protection land was valued as at 30 June 2012 by Martin Veale ANZIV, SPINZ & Brian Whitaker ANZIV, SPINZ, using a derived value rate per hectare, based on sales data of rural and reserve land from recognised valuation sources which reflects fair value. Baker & Associates valued Wairarapa flood protection land as at 30 June 2012. Land valuation was completed by FT Rutherford BBS (VPM) ANZIV, using comparison to market sales of comparable type land in similar locations to each parcel, which reflects fair value.

### Parks and forests

The parks and forests land and buildings were valued at 30 June 2013. Land and improvements have been valued using the market value methodology by Fergus Rutherford, registered valuer. Roads, fences, tracks and other park infrastructure were valued at 30 June 2008 and have been valued using ODRC methodology in accordance with the guidelines published by NAMS Group, by Graham Laws, Parks and Forests Asset Management Advisor. Fergus Rutherford of Baker & Associates Ltd reviewed the valuation methodology and rates.

Plantation forestry bridges were revalued at 30 June 2008 by Kate Zwartz, Senior Engineer for the engineering consultancy group.



## 2 Accounting policies (continued)

### Public transport

Public transport infrastructural assets were valued as at 30 June 2008 by Duffill Watts Ltd. Land was valued at market value and other assets at depreciated replacement cost.

### Regional water supply

Regional water supply plant and equipment assets were valued by John Freeman, FPINZ, TechRICS, MACostE, Registered Plant and Machinery Valuer, a Director of Bayleys Valuations Limited as at 30 June 2013 using Optimised Depreciated Replacement Cost (ODRC) methodology. Water supply buildings were revalued by Paul Butcher, BBS, FPINZ, Registered Valuer, a Director of CB Richard Ellis as at 1 July 2008 using ODRC methodology.

Water urban-based land assets were valued by Telfer Young (Martin J Veale, Registered Valuer, ANZIV, SPINZ) as at 30 June 2013 using current market value methodology in compliance with PINZ professional Practice (Edition 5) Valuation for Financial Reporting and NZ IFRS re Property Valuations.

Water catchment and rural-based assets were valued by Baker & Associates (Fergus T Rutherford, Registered valuer, BBS (VPM), ANZIV) as at 1 July 2013 using current market value methodology in compliance with PINZ Professional Practice (Edition 5) Valuation for Financial Reporting and NZ IAS 16 Property Valuation.

### Greater Wellington Regional Council Group (including CentrePort Limited)

Operational port freehold land is stated at valuation determined every three years by an independent registered valuer. Bayleys Property Services valued the land at 30 June 2011 at fair value. The valuations were based on the assets highest and best use in accordance with New Zealand Property Institute Practise Standard 3 – Valuations for Financial Reporting Purposes with reference to sales evidence of land sales or development sites within the wider Wellington region.

At 30 June 2011 the Group purchased the Metropolitan rail assets from Kiwi Rail wholly owned by the New Zealand Government.

The consideration for these assets which includes stations, platforms, and rail rolling stock was for a nominal consideration of \$1.00.

The assets were recognised in the Group accounts via the statement of comprehensive income. A valuation was undertaken on 30 June 2011 at depreciated replacement cost by Halcrow Pacific Pty limited for the rail rolling stock and at depreciated replacement cost by Bayleys Valuations Limited for the non rail rolling stock assets.

Any increase in the value on revaluation is taken directly to the asset revaluation reserve. However, if it offsets a previous decrease in value for the same asset recognised in the Statement of Comprehensive Income, then it is recognised in the Statement of Comprehensive Income. A decrease in the value on revaluation is recognised in the Statement of Comprehensive Income where it exceeds the increase of that asset previously recognised in the asset revaluation reserve.

The remaining property, plant and equipment is 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.

## 2 Accounting policies (continued)

### 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:

• Port, wharves and paving	10 to 50 years
• Operational port freehold land	Indefinite
• 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 years to indefinite
• Transport infrastructural assets	5 to 50 years
• Rail rolling stock	5 to 30 years
• Navigational aids infrastructural assets	5 to 50 years
• Parks and forests infrastructural assets	10 to 10 years
• Regional 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.

### 2.6 Intangible assets

Software is carried at cost, less any accumulated amortisation and impairment losses. It is amortised over the useful life of the asset as follows:

• Software	2 to 5 years
------------	--------------

### New Zealand Emission Trading Scheme

New Zealand Units (NZU's) received for pre 1990 forests are recognised at fair value on the date received. They are recognised as an asset in the Statement of Financial Position and income in the Statement of Comprehensive Income. The deforestation contingency is not recognised as a liability as there is no current intention of changing the land use. The estimated liability that would arise should deforestation occur has been estimated in the notes to the accounts.

NZU's in respect of post 1989 forest is recognised at fair value on the date received. As trees are harvested or carbon stocks decrease a liability and expense will be recognised for the NZU's to be surrendered to Government.

### 2.7 Investment properties

Investment properties, which is property held to earn rentals and/or for capital appreciation, is measured at its fair value at the reporting date. There are two classes of investment property:

1. Developed investment properties
2. Land available for development

The Regional Council Centre (RCC) is treated as an investment property within the WRC Holdings Group, and as property, plant and equipment within the Group's accounts. Gains or losses arising from changes in fair value of investment properties are included in the Statement of Comprehensive Income in the period in which they arise.

## 2 Accounting policies (continued)

### 2.8 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 Statement of Comprehensive Income, 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 the Group's assets is calculated as being the depreciated replacement cost of the asset. For Greater Wellington's subsidiaries it is calculated as being the estimated future cashflows which are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

### 2.9 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 Statement of Comprehensive Income.

### 2.10 Investments and other financial assets

## Financial assets

The Group's financial assets are categorised as follows:

- **Financial assets at fair value accounted through operating surplus or deficit**

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 operating surplus or deficit. Financial assets acquired principally for the purpose of selling in the short term or part of a portfolio classified as held for trading are classified as a current asset. The current / non-current classification of derivatives is explained in the derivatives accounting policy below.

- **Financial assets at fair value accounted through other comprehensive income**

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 other comprehensive income.

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 it 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 can not be reliably measured, the item is measured at cost.

Fair value is equal to the Group'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 Statement of Comprehensive Income.

- **Loans and receivables**

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets. After initial recognition they are measured at amortised costs using the effective interest method. Loans to community organisations made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or sold are accounted for in the Statement of Comprehensive Income.

## 2 Accounting policies (continued)

### • Held to maturity investments

These are assets with fixed or determinable payments with fixed maturities that the Group 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 Statement of Comprehensive Income.

### • Impairment of financial assets

#### (i) *Loans and other receivables, and held to maturity investments:*

Impairment is established when there is objective evidence that the Council and group will not be able to collect amounts according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default payments are considered indicators that an asset is impaired. The amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables the carrying amount of the asset is reduced through the use of an allowance account, and the amount of loss is recognised as a surplus or deficit. When the receivable is uncollectible it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government stock, and community loans, are recognised directly against the instrument's carrying amount.

#### (ii) *Financial assets at fair value through other comprehensive income*

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment. For debt investments, significant financial difficulties, probability that the debtor will enter bankruptcy, and default payments are considered indicators that asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive income, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive income is reclassified from equity to the Statement of Comprehensive Income.

Equity investment impairment losses recognised in the surplus or deficit are not reversed through the Statement of Comprehensive Income.

If in a subsequent period fair value of a debt instrument increases, and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the Statement of Comprehensive Income.

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.

### • Other financial assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Council and group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council and group has transferred substantially all the risks and rewards of ownership.

### 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 Statement of Comprehensive Income, 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.

## 2 Accounting policies (continued)

### 2.11 Derivative financial instruments

The Council uses derivative instruments to hedge exposure to interest rate risks arising from financing activities (note 29). The Group 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, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

The portion of the fair value of a non-hedge accounted interest rate derivative that is expected to be realised within 12 months of balance date is classified as current, with the remaining portion of the derivative classified as non-current.

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

The fair value of an interest rate swap is the estimated amount that the Group 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 balance date.

### 2.12 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.

Creative HQ Limited (CHQ), a subsidiary of Grow Wellington receives shares from clients involved in its incubation programme as part consideration for the services and support provided by CHQ to the client. The shares received represent a small proportion of the total equity of the client company (typically 5%). These shares are investments in equity instruments that do not have a quoted market price in an active market and are designated as available for sale. The valuation of these investments is undertaken using The International Private Equity and Venture Capital Valuation Guidelines (IPEV) which have been accepted as the industry standard valuation guidelines and are based on the principle of 'fair value' and are reviewed following any relevant changes in accounting standards or market practices.

### 2.13 New Zealand Local Government Funding Agency

Greater Wellington is a shareholder of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+.

Greater Wellington is one of 30 local authority shareholders and 8 local authority guarantors of the NZLGFA. In that regard it has uncalled capital of \$1,865,979. (2012 \$2,000,000) When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Greater Wellington is a guarantor of all of NZLGFA's borrowings. At 30 June 2013, NZLGFA had borrowings totalling \$2,475m (2012: \$835m).

Financial reporting standards require Greater Wellington to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default events in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

## **2 Accounting policies (continued)**

### **2.14 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 Statement of Comprehensive Income.

## 2 Accounting policies (continued)

### 2.15 Income tax

Income tax in the Statement of Comprehensive Income for the year comprises current and deferred tax. Income tax is usually recognised in the Statement of Comprehensive Income, 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.

### 2.16 Foreign currency

In the event that the Group 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 balance 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 Statement of Comprehensive Income.

### 2.17 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 the Group. 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 Statement of Comprehensive Income 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.

### 2.18 Provisions

A provision is recognised in the balance sheet when the Group 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

### 2.19 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.

### 2.20 Leases

The Group leases office space, office equipment, vehicles, land, buildings and wharves. 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.

## 2 Accounting policies (continued)

### 2.21 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 Statement of Comprehensive Income.

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

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

### 2.22 Equity

Equity is the community's interest in the Group 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 the Group. The components of equity are accumulated funds, revaluation reserves and restricted funds.

### 2.23 Statement of cashflows

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

Operating activities include cash received from all income sources of the Group 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.

### 2.24 Budget figures

The budget figures are those approved by the Council at the beginning of the year in the Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Greater Wellington for the preparation of these financial statements.

### 2.25 Changes in accounting policies

There have been no changes in accounting policies during the financial year.

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 March 2009 or later periods but which the Group has not early adopted:

#### **NZ IFRS 9 'Financial Instruments: Classification and measurement' (effective 1 January 2015)**

NZ IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, the standard will affect in particular the Group's accounting for its available for sale financial assets, since NZ IFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available for sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The derecognition rules have been transferred from NZ IAS 39 Financial Instruments: Recognition and Measurement and have not been changed. The Group has not yet decided when to adopt NZ IFRS 9.

#### **NZ IFRS 13 Fair Value Measurement (effective 1 January 2013)**



## 2 Accounting policies (continued)

NZ IFRS 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The Group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Group does not intend to adopt the new standard before its operative date, which means that it would be first applied from 1 January 2013.

### **NZ IAS 19 (Revised) Employee Benefits (effective 1 January 2013)**

It requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so called 'corridor and spreading' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in the income statements. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. The Group has not yet decided when to adopt the new standard.

### **NZ IFRS 5 (Amendment), 'Non current assets held for sale and discontinued operations'(and consequential amendment to IFRS 1, 'First time adoption') (effective from 1 July 2009)**

The amendment is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to NZ IFRS 1 states that these amendments are applied prospectively from the date of transition to NZ IFRSs. The Group will apply the NZ IFRS 5 (Amendment) prospectively to all partial disposals of subsidiaries from 1 January 2010.

### **NZ IAS 17, 'Classification of leases of land and buildings' (effective from 1 January 2010)**

Deletion of specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating, using the general principles of NZ IAS 17.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### 3 Operating revenue

	Actual 2013 \$'000	Council Budget 2013 \$'000	Actual 2012 \$'000	Group Actual 2013 \$'000	Actual 2012 \$'000
General Rates	28,028	27,468	25,435	28,028	25,435
Targeted Rates	62,631	62,790	59,566	62,631	59,566
Water Supply Levy	24,890	24,888	24,164	24,890	24,164
	<u>115,549</u>	<u>115,146</u>	109,165	<u>115,549</u>	109,165
Transport Operational Grants	57,482	60,962	52,227	57,482	40,624
Transport Improvement Grants	14,007	16,538	113,497	14,007	113,497
	<u>71,489</u>	<u>77,500</u>	165,724	<u>71,489</u>	154,121
Rental Income	1,108	1,102	1,090	1,108	1,090
User Charges	7,089	9,689	5,263	7,089	5,263
Logging Revenue	8,042	8,967	6,784	8,042	6,784
Subsidiaries revenue	-	-	-	52,342	56,670
Rendering of Services	640	8	746	640	746
Dividends received	2	2,441	2,257	2	-
Animal Health Board	1,000	-	1,754	1,000	1,754
Other Grants and Subsidies	2,200	569	4,912	3,556	11,953
Management Fees	2,664	2,261	647	-	-
Rates Remissions and Rebates	555	-	607	555	607
Rent from Investment Properties	-	-	-	5,961	8,327
Subvention	2,002	755	1,801	-	-
Equity accounted Investees	-	-	-	10,266	5,849
Other Income	-	-	-	842	-
Interest revenue	3,963	2,007	4,397	3,971	4,381
<b>Total operating revenue</b>	<u>216,303</u>	<u>220,445</u>	305,147	<u>282,412</u>	366,710

\* Greater Wellington received allocations of New Zealand Emission Units from the government for its forestry holdings. The allocation of units is recognised as an intangible asset and revenue at fair value. The revenue of \$1.599m (2012: \$1.960m) is included in "other grants and subsidies.

### 4 Other gains / (losses) - net

	Actual 2013 \$'000	Council Budget 2013 \$'000	Actual 2012 \$'000	Group Actual 2013 \$'000	Actual 2012 \$'000
Gain on disposal of property, plant and equipment	3	224	118	310	118
	<u>3</u>	<u>224</u>	118	<u>310</u>	118

## 5 Employee benefits

	Actual 2013 \$'000	Council Budget 2013 \$'000	Actual 2012 \$'000	Group Actual 2013 \$'000	Actual 2012 \$'000
Salaries and wages	35,904	36,810	33,924	57,225	54,768
Defined contribution plan employer contributions	2,013	2,095	1,737	2,025	2,438
<b>Total personnel expenses</b>	<b>37,917</b>	<b>38,905</b>	<b>35,661</b>	<b>59,250</b>	<b>57,206</b>

## 6 Finance costs

	Actual 2013 \$'000	Council Budget 2013 \$'000	Actual 2012 \$'000	Group Actual 2013 \$'000	Actual 2012 \$'000
<b>Interest expense</b>					
Increase / (decrease) in fair value of interest rate swaps	-	-	-	(1)	-
Interest on bank borrowings	7,925	8,173	7,233	17,090	16,463
<b>Total finance costs</b>	<b>7,925</b>	<b>8,173</b>	<b>7,233</b>	<b>17,089</b>	<b>16,463</b>
<b>Total finance costs</b>	<b>(7,925)</b>	<b>(8,173)</b>	<b>(7,233)</b>	<b>(17,089)</b>	<b>(16,463)</b>

## 7 Depreciation and Amortisation

	Council		Group	
	Actual 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Actual 2012 \$'000
Port wharves and pavings	-	-	2,481	3,197
Land and buildings	162	95	950	95
Plant and equipment	883	705	3,686	3,440
Rail rolling stock	-	-	17,594	11,957
Rail infrastructure	-	-	2,304	1,911
Motor vehicles	1,147	996	1,147	996
Flood protection	704	586	704	586
Water infrastructure	7,961	8,000	7,961	8,000
Transport infrastructure	175	586	175	586
Navigational aids	22	22	22	22
Parks and forests	587	578	587	578
Amortisation - Computer software	1,103	804	1,331	1,098
	<b>12,744</b>	<b>12,372</b>	<b>38,942</b>	<b>32,466</b>

## 8 Other operating expenditure

	Actual 2013 \$'000	Council Budget 2013 \$'000	Actual 2012 \$'000	Group Actual 2013 \$'000	Actual 2012 \$'000
<b>Other operating expenses</b>					
Audit fees for financial statements audit	192	165	168	316	249
Audit fees for Long Term Plan	25	15	133	25	133
Audit fees for other services	-	-	-	88	88
Impairment of Trade Receivables	(12)	-	(47)	(12)	(30)
Insurance	2,732	2,625	2,198	7,974	4,339
Directors' fees	-	-	-	552	562
Fees for accounting services	-	-	-	54	118
Subscriptions LGNZ	309	199	100	309	100
Operating Lease rentals	2,025	2,159	1,672	353	-
Energy and Utilities	2,886	2,742	2,534	5,286	2,580
Councillor Fees	999	1,056	1,031	999	1,031
Repairs and maintenance expenses	2,878	2,735	3,132	20,695	16,244
Materials and supplies	11,468	13,447	12,112	11,468	12,112
Contractors and Consultants	20,925	26,171	20,734	21,493	21,916
Other operating expenses	3,792	3,603	1,206	22,116	20,083
<b>Total other expenditure</b>	<b>48,219</b>	<b>54,917</b>	44,973	<b>91,716</b>	79,525

**9 Fair value movements**

	Actual 2013 \$'000	Council Budget 2013 \$'000	Actual 2012 \$'000	Group Actual 2013 \$'000	Actual 2012 \$'000
<b>Fair value movements through other comprehensive income</b>					
Stadium advance	180	180	(2,363)	180	(2,363)
	<u>180</u>	<u>180</u>	<u>(2,363)</u>	<u>180</u>	<u>(2,363)</u>
<b>Fair value movements in financial instruments</b>					
Bonds - investments	-	-	-	-	-
Loans	(1,444)	(1,444)	(1,337)	(1,444)	(1,337)
Interest rate swaps	2,921	2,245	(4,689)	-	(11,880)
Diesel contracts	-	-	-	-	37
Foreign exchange contracts	-	-	-	-	(550)
	<u>1,477</u>	<u>801</u>	<u>(6,026)</u>	<u>(1,444)</u>	<u>(13,730)</u>
<b>Fair value change in biological assets</b>					
Forestry investment	1,844	2,629	2,683	1,844	2,683
	<u>1,844</u>	<u>2,629</u>	<u>2,683</u>	<u>1,844</u>	<u>2,683</u>
<b>Fair value movements of investment properties</b>					
Investment properties (developed property)	-	-	-	1,002	(10,282)
Net unrealised increase / (decrease) in investment properties	-	-	-	1,002	(10,282)
<b>Other fair value movements</b>					
Incubator investments - Grow Wellington Limited	-	-	-	309	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>309</u>	<u>-</u>

## 10 Taxation

	Council		Group	
	Actual 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Actual 2012 \$'000
<b>(a) Income tax recognised in profit or loss</b>				
<b>Tax expense/(benefit) comprises:</b>				
Current tax expense/(benefit)	-	-	900	4,315
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	-	-	1,432	21,328
Impact of changes to building depreciation	-	-	-	751
Tax loss utilised (recognised)	-	-	887	361
<b>Total income tax expense (benefit)</b>	<b>-</b>	<b>-</b>	<b>3,219</b>	<b>26,755</b>

**The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:**

Profit/(loss) from operations	351	(5,525)	16,692	87,336
Profit/(loss) from discontinued operations	-	-	-	505
<b>Surplus (deficit) before taxation</b>	<b>351</b>	<b>(5,525)</b>	<b>16,692</b>	<b>87,841</b>
Income tax expense/(benefit) calculated at 28%	98	(1,547)	4,674	24,595
Profit/(loss) not subject to taxation	(577)	4,068	(1,097)	1,023
Non-deductible expenses	-	-	8,374	4,140
Non-assessable income	-	-	(15,351)	(36,459)
Land and buildings reclassification	-	-	(176)	2,787
Tax loss offsets from or subventions paid to Group companies	357	(2,726)	-	(2,031)
Unused tax losses and temporary differences not recognised as deferred tax assets	121	542	(1)	542
Tax effect of imputation credits	-	(337)	(126)	(1,157)
Temporary differences	-	-	5,765	31,125
Previously unrecognised and unused tax losses now utilised	-	-	-	-
Impact of tax rate change	-	-	-	-
Impact of changes to building depreciation	-	-	-	751
Impact of gain on asset acquisition	-	-	-	-
Over provision of income tax in previous year	-	-	1,789	1,439
<b>Total tax expense/(benefit)</b>	<b>(1)</b>	<b>-</b>	<b>3,851</b>	<b>26,755</b>

Council's net income subject to tax consists of its assessable income net of related expenses derived from the Greater Wellington Group companies, including the CentrePort Group, and any other council controlled organisations. All other income currently derived by the council is exempt from income tax.

	Council		Group	
	Actual 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Actual 2012 \$'000
<b>Tax expense/(benefit) is attributable to:</b>				
Continuing operations	-	-	3,219	26,614
Discontinued operations (note 12)	-	-	-	141
	<b>-</b>	<b>-</b>	<b>3,219</b>	<b>26,755</b>

## 10 Taxation (continued)

### (b) Tax loss sharing

On 22 September 1998 WRC Holdings Limited, its wholly owned subsidiaries and CentrePort Limited entered into a Tax Loss Sharing Agreement under which the WRC Holdings Group will receive subvention payments from CentrePort Limited equivalent to 33% of its available losses (now 28%), with the balance of losses offset, where the companies elect to do so. At 30 June 2013, CentrePort Ltd has not agreed to pay any amount (2012: \$1,000,000) on account of the subvention payment.

The 2013 financial statements for the parent do not include any subvention payments to be received from Pringle House Limited, (2012: \$806,433) or from CentrePort Limited (2012: \$1,000,000) for utilisation of the Greater Wellington Regional Council's net losses.

It is anticipated that tax losses of \$949,475 of tax losses will be provided to Pringle House Limited (2012: nil\$) \$143,000 will be provided to WRC Holdings Limited (2012: nil\$) and \$182,406 will be provided to the Grow Wellington Group (2012: \$23,326) for the 2013 year.

It is anticipated that no tax losses will be provided to CentrePort Limited (2012 \$2,571,429) or to Greater Wellington Rail Limited (2102: \$4,500,000) for the 2013 year.

## 11 Current tax assets and liabilities

	Council		Group	
	Actual 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Actual 2012 \$'000
Income tax	-	-	96	2,812
Other tax payables	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

## 12 Deferred tax

	Council		Group	
	Actual 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Actual 2012 \$'000
<b>Deferred Tax Balances</b>				
<i>Deferred Tax assets comprise:</i>				
Tax losses	-	-	(2,639)	(3,526)
Temporary differences	-	-	(3,986)	(5,201)
	<u>-</u>	<u>-</u>	<u>(6,625)</u>	<u>(8,727)</u>
<i>Deferred Tax liabilities comprise:</i>				
Temporary differences	-	-	80,873	80,652
	<u>-</u>	<u>-</u>	<u>80,873</u>	<u>80,652</u>
Total deferred tax liabilities	<u>-</u>	<u>-</u>	<u>74,248</u>	<u>71,925</u>

## 12 Deferred tax (continued)

Taxable and deductible temporary differences arising from the following:

Movements - Group	Investment	Property,	Trade and	Other	Tax losses	Total
	properties	plant and	other	financial		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 July 2011</b>	(6,629)	(50,157)	1,090	2,324	3,887	(49,485)
Charged to income	5,026	(28,132)	(131)	1,918	(361)	(21,680)
Change in depreciation	1,041	(1,801)	-	-	-	(760)
Change in tax rate	-	-	-	-	-	-
<b>At 30 June 2012</b>	<u>(562)</u>	<u>(80,090)</u>	<u>959</u>	<u>4,242</u>	<u>3,526</u>	<u>(71,925)</u>
<b>At 30 June 2012</b>	(562)	(80,090)	959	4,242	3,526	(71,925)
Charged to income	797	(782)	(49)	(1,401)	(887)	(2,322)
Change in depreciation	-	-	-	-	-	-
Change in tax rate	-	-	-	-	-	-
<b>At 30 June 2013</b>	<u>235</u>	<u>(80,872)</u>	<u>910</u>	<u>2,841</u>	<u>2,639</u>	<u>(74,247)</u>

	Council		Group	
	Actual 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Actual 2012 \$'000
<b>Unrecognised deferred tax balances</b>				
Tax losses	121	1,500	-	-
Temporary differences	-	-	-	-
	<u>121</u>	<u>1,500</u>	<u>-</u>	<u>-</u>

### Tax losses not recognised

Greater Wellington has \$0.434 million of unrecognised tax losses at Parent level (2012: \$5.357 million) available to be carried forward and to be offset against taxable income in the future. The tax effect of losses at 28% was \$0.121 million (2012: \$1.5 million).

The ability to carry forward tax losses is contingent upon continuing to meet the requirements of the Income Tax Act 2007.

## 13 Cash and cash equivalents

	Council		Group	
	Actual 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Actual 2012 \$'000
Cash at bank and in hand	(1,398)	305	(614)	1,021
Short term deposits maturing three months or less from date of acquisitions	-	25,400	1	25,400
Water Supply Contingency Investment	5,396	17,983	5,396	17,983
Major Flood Recovery Fund	4,337	3,981	4,337	3,981
<b>Total cash and cash equivalents</b>	<u>8,335</u>	<u>47,669</u>	<u>9,120</u>	<u>48,385</u>

Cash-at-bank and on-hand earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying terms of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents is their carrying values.



### 13 Cash and cash equivalents (continued)

As at 30 June 2013 there were no bank deposits. In 2012 the weighted average interest rate was 3.20% with varying maturity dates. Bank deposits are available for day to day cash management and are recorded at fair value.

As at 30 June 2013 the weighted average interest rate on the water supply contingency investment is 3.92% (2012 3.71%) and is recorded at fair value.

As at 30 June 2013 the weighted average interest rate on the major flood recovery fund is 3.92% (2012 3.71%) and is recorded at fair value.

### 14 Trade and other receivables

	Council		Group	
	Actual 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Actual 2012 \$'000
Rates outstanding *	8,788	12,256	8,788	12,256
Trade Customers	11,388	7,121	15,889	16,039
Accrued revenue	7,675	6,969	7,470	6,766
Less provision for impairment of receivables	1,032	848	-	-
Less Provision for doubtful receivables	(667)	(677)	(683)	(704)
Receivables from related parties	-	1,804	-	-
Dividends receivable	-	2,254	-	-
Interest receivable	621	879	806	879
Prepayments	365	283	934	768
<b>Total trade and other receivables</b>	<b>29,202</b>	<b>31,737</b>	<b>33,204</b>	<b>36,004</b>

Trade customers are non-interest bearing and are generally on 30-90 day terms. Therefore, the carrying value of debtors and other receivables approximates fair value.

\* Greater Wellington uses the region's Territorial Authorities to collect its rates. Payment of the final installment of rates is not received until after year end.

#### Provision for impairment of receivables

	Council		Group	
	Actual 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Actual 2012 \$'000
Opening balance	(677)	(740)	(704)	(752)
Movement	10	63	21	48
<b>Closing balance</b>	<b>(667)</b>	<b>(677)</b>	<b>(683)</b>	<b>(704)</b>

The status of receivables as at 30 June 2013 and 2012 are detailed below:

**14 Trade and other receivables (continued)**

	Council		Group	
	Actual 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Actual 2012 \$'000
At Actual				
Not past due	28,740	31,557	32,683	35,570
Past due 31-60 days	163	56	179	73
Past due 61-90 days	-	20	31	181
Past due > 90 days	302	104	314	180
<b>Total</b>	<b>29,205</b>	<b>31,737</b>	<b>33,207</b>	<b>36,004</b>

The impairment provision has been determined based on a percentage of the outstanding rates balance as at year end.

## 15 Inventories

	Council		Group	
	Actual 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Actual 2012 \$'000
Harbours	7	7	7	7
Depots	191	169	191	169
Water Supply	2,367	2,145	3,456	2,145
Rail	-	-	14,173	8,785
Wairarapa	399	412	399	412
Emergency Management	39	-	39	-
	<b>3,003</b>	<b>2,733</b>	<b>18,265</b>	<b>11,518</b>

No inventories are pledged as securities for liabilities (2012 nil)

## 16 Other financial assets

	Council		Group	
	Actual 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Actual 2012 \$'000
Stadium Advance	2,429	2,249	2,429	2,249
Local Government Insurance Corporation Limited Shares	80	80	80	80
New Zealand Local Government Funding Agency Limited Shares	1,866	2,000	1,866	2,000
New Zealand Local Government Funding Agency Limited Shares borrower notes	1,200	800	1,200	800
Warm Wellington Funding	10,822	8,017	10,822	8,017
Other investments (bonds and notes)	33,000	33,000	33,000	33,000
Water Supply Contingency Investment	13,695	-	13,695	-
Creative HQ shareholdings in unlisted companies	-	-	334	-
	<b>63,092</b>	<b>46,146</b>	<b>63,426</b>	<b>46,146</b>

**Other Financial Assets (continued)**

Current Financial Assets	37,897	891	37,897	891
Non Current Financial Assets	<u>25,195</u>	<u>45,255</u>	<u>25,529</u>	<u>45,255</u>
<b>Total other financial assets</b>	<u><b>63,092</b></u>	<u><b>46,146</b></u>	<u><b>63,426</b></u>	<u><b>46,146</b></u>

**Airtel Limited**

Greater Wellington holds 21,000 fully paid up shares in Airtel Ltd, which were acquired at no cost in 2001 as a result of the Wairarapa Radio Telephone Users Association's decision to form a limited liability company and issue shares to users. Greater Wellington was previously a member of the association.

**Advance to Wellington Regional Stadium Trust**

Greater Wellington advanced \$25 million to the Wellington Regional Stadium Trust in August 1998. The advance is on an interest free basis with limited rights of recourse. The obligations of Greater Wellington to fund the Trust are defined under a Funding Deed dated 30 January 1998. Under the terms of this deed, any interest charged on the limited-recourse loan is accrued and added to the loan. At 30 June 2013 Greater Wellington expects that the advance will be fully repaid. The advance is not repayable until all non-settlor debts of the Trust are extinguished and is subject to the Trust's financial ability to repay debt at that time. The fair value has been determined using a future repayment timetable discounted at a rate of 8%. None of the other financial assets are either past due or impaired (2012 no impairment).

**Civic Assurance**

Greater Wellington holds 80,127 shares in the New Zealand Local Government Insurance Corporation, trading as Civic Assurance.

**New Zealand Local Government Funding Agency Limited**

Greater Wellington is a founding shareholder of the New Zealand Local Government Funding Agency Limited (LGFA) and holds 1,866,000 fully paid shares (2012 2,000,000) It has also invested \$1,400,000 (2012 \$800,000) in LGFA borrower notes, which return on average 3.23% as at 30 June 2013. (2012 3.44%). The LGFA has the right to elect to convert the borrower notes into redeemable shares. This can only occur after it has fully called on its unpaid capital and only in the situation of there being a risk of imminent default.

**Warm Wellington**

The Warm Greater Wellington programme provides funding to ratepayers for home insulation and clean heating in association with the Energy Efficiency and Conservation Authority. Under this programme Greater Wellington provides up to \$2,600 assistance to ratepayers. This assistance is fully recovered by way of a targeted rate on those ratepayers that participate in the programme.

**Bonds**

Bank bonds/notes are not exchange traded and the fair value is the stated value. The notes are at a floating rate of interest. The amount receivable at maturity is \$33 million (2012 \$33 million).

## 17 Aggregate joint venture information

Name of Joint venture	Principal activity	2013 Percentage ownership %	2012 Percentage ownership %
Harbour Quays A1 Limited	Commercial rental property	76.9%	76.9%
Harbour Quays D4 Limited	Commercial rental property	76.9%	76.9%
Harbour Quays F1F2 Limited	Commercial rental property	76.9%	76.9%

On 9 September 2011 the Accident Compensation Corporation (ACC) entered into a joint venture with CentrePort Properties Limited to acquire three investment properties from CentrePort Limited. These entities are jointly controlled by ACC and CentrePort Properties Limited with ACC's purchase completed using mandatory convertible notes. These notes convert to equity in March 2024 (or September 2026 at CentrePort Properties Limited's option).

	Actual 2013 \$'000	Actual 2012 \$'000
<b>Group</b>		
<b>Carrying Amount at Beginning of Year</b>	<b>78,884</b>	2,539
Investment in Joint Ventures	-	75,000
Equity Accounted Earnings of Joint Ventures	10,266	5,849
Dividends from Joint Ventures	(6,306)	(4,504)
<b>Carrying Amount at End of Year</b>	<b>82,844</b>	78,884
<b>Represented by:</b>		
Harbour Quays A1 Limited	18,082	17,075
Harbour Quays D4 Limited	15,576	14,321
Harbour Quays F1F2 Limited	45,611	44,507
Individually Immaterial Joint Ventures	3,575	2,981
<b>Carrying Amount at End of Year</b>	<b>82,844</b>	78,884

**18 Property, plant and equipment**

Council 2013	Cost / revaluation \$'000	Accumulated depreciation and impairment charges \$'000	Carrying amount \$'000	Additions \$'000	Disposals \$'000	Transfers \$'000	Impairment charges \$'000	Revaluations \$'000	Cost / revaluation \$'000	Accumulated depreciation and impairment charges \$'000	Carrying amount \$'000
<b>Operational assets</b>											
Land and Buildings	6,202	(1,507)	4,695	1,081	(19)	108	-	427	7,800	(1,574)	6,226
Plant and equipment	12,416	(10,208)	2,208	761	(247)	48	-	-	12,978	(10,602)	2,376
Motor Vehicles	8,016	(4,549)	3,467	1,355	(1,380)	(120)	-	-	7,872	(4,395)	3,477
<b>Total operational assets</b>	<b>26,634</b>	<b>(16,264)</b>	<b>10,370</b>	<b>3,197</b>	<b>(1,646)</b>	<b>36</b>	<b>-</b>	<b>427</b>	<b>28,650</b>	<b>(16,571)</b>	<b>12,079</b>
<b>Infrastructural assets</b>											
<u>At cost &amp; valuation</u>											
Flood Protection	288,923	(6,613)	282,310	14,980	-	910	-	-	304,814	(7,316)	297,498
Navigational Aids	1,745	(1,190)	555	-	-	-	-	-	1,828	(1,212)	616
Parks and Forests	59,194	(2,525)	56,669	687	(127)	584	-	406	60,744	(1,683)	59,061
Transport Infrastructure	3,556	(456)	3,100	3,627	(250)	6,863	-	-	13,713	(631)	13,082
Water Infrastructure	349,021	(30,396)	318,625	2,246	(643)	7,893	-	70,347	428,953	-	428,953
Capital work in progress	29,017	-	29,017	4,048	-	(17,741)	-	-	15,324	-	15,324
<b>Total infrastructural assets</b>	<b>731,456</b>	<b>(41,180)</b>	<b>690,276</b>	<b>25,588</b>	<b>(1,020)</b>	<b>(1,491)</b>	<b>-</b>	<b>70,753</b>	<b>825,376</b>	<b>(10,842)</b>	<b>814,534</b>
<b>Total Council's property, plant and equipment</b>	<b>758,090</b>	<b>(57,444)</b>	<b>700,646</b>	<b>28,785</b>	<b>(2,666)</b>	<b>(1,455)*</b>	<b>-</b>	<b>71,180</b>	<b>854,026</b>	<b>(27,413)</b>	<b>826,613</b>

(continued)

**18 Property, plant and equipment (continued)**

Council 2012	Cost / revaluation \$'000	Accumulated depreciation and impairment charges \$'000	Carrying amount \$'000	Additions \$'000	Disposals \$'000	Revaluations \$'000	Impairment losses \$'000	Other \$'000	Cost / revaluation \$'000	Accumulated depreciation and impairment charges \$'000	Carrying amount \$'000
<b>Operational assets</b>											
Land and Buildings	5,795	(1,412)	4,383	425	-	-	-	(18)	6,202	(1,507)	4,695
Plant and equipment	12,185	(9,581)	2,604	312	(81)	-	-	-	12,416	(10,208)	2,208
Motor Vehicles	7,378	(4,703)	2,675	1,878	(1,239)	-	-	-	8,016	(4,549)	3,467
Total operational assets	25,358	(15,696)	9,662	2,615	(1,320)	-	-	(18)	26,634	(16,264)	10,370
<b>Infrastructural assets</b>											
<u>At cost &amp; valuation</u>											
Flood Protection	236,512	(7,306)	229,206	1,418	-	49,067	-	1,926	288,923	(6,613)	282,310
Navigational Aids	1,745	(1,167)	578	-	-	-	-	-	1,745	(1,190)	555
Parks and Forests	59,180	(1,947)	57,233	14	-	-	-	-	59,194	(2,525)	56,669
Transport Infrastructure	9,812	(1,167)	8,645	381	(6,606)	-	-	(31)	3,556	(456)	3,100
Water Infrastructure	346,760	(22,627)	324,133	1,247	(737)	-	-	1,751	349,021	(30,396)	318,625
Capital work in progress	14,665	-	14,665	17,979	-	-	-	(3,628)	29,017	-	29,017
Total infrastructural assets	668,674	(34,214)	634,460	21,039	(7,343)	49,067	-	18	731,456	(41,180)	690,276
Total Council's property, plant and equipment	694,032	(49,910)	644,122	23,654	(8,663)	49,067*	-	-	758,090	(57,444)	700,646

(continued)

**18 Property, plant and equipment (continued)**

Group 2013	Cost / revaluation \$'000	Accumulated depreciation and impairment charges \$'000	Carrying amount \$'000	Additions \$'000	Disposals \$'000	Transfers \$'000	Impairment charges \$'000	Revaluations \$'000	Cost / revaluation \$'000	Accumulated depreciation and impairment charges \$'000	Carrying amount \$'000
<b>Operational assets</b>											
Land and Buildings	118,955	(12,142)	106,813	2,560	(18,680)	144,273	(375)	(5,543)	115,721	(12,997)	102,724
Plant and equipment	66,457	(32,213)	34,244	11,612	(256)	48	(1,288)	-	76,511	(35,348)	41,163
Motor Vehicles	8,016	(4,549)	3,467	1,355	(1,380)	(120)	-	-	7,872	(4,395)	3,477
<b>Total operational assets</b>	<b>193,428</b>	<b>(48,904)</b>	<b>144,524</b>	<b>15,527</b>	<b>(20,316)</b>	<b>144,201</b>	<b>(1,663)</b>	<b>(5,543)</b>	<b>200,104</b>	<b>(52,740)</b>	<b>147,364</b>
<b>Infrastructural assets</b>											
<u>At cost &amp; valuation</u>											
Flood Protection	288,923	(6,613)	282,310	14,980	-	910	-	-	304,814	(7,316)	297,498
Parks and Forests	59,194	(2,525)	56,669	687	(127)	584	-	406	60,744	(1,683)	59,061
Capital work in progress	62,723	-	62,723	3,123	(34,591)	(14,276)	-	-	16,979	-	16,979
Port wharves and paving	87,520	(32,774)	54,746	572	(46)	(36)	-	-	88,011	(35,255)	52,756
Navigation Aids	1,745	(1,190)	555	-	-	-	-	-	1,828	(1,212)	616
Transport Infrastructure	290,032	(23,425)	266,607	67,234	(14,285)	3,398	-	-	346,296	(38,371)	307,925
Water Infrastructure	349,021	(30,396)	318,625	2,246	(643)	7,983	-	70,347	428,953	-	428,953
<b>Total infrastructural assets</b>	<b>1,139,158</b>	<b>(96,923)</b>	<b>1,042,235</b>	<b>88,842</b>	<b>(49,692)</b>	<b>(1,437)</b>	<b>-</b>	<b>70,753</b>	<b>1,247,625</b>	<b>(83,837)</b>	<b>1,163,788</b>
<b>Total restricted assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Work in progress assets</b>											
<b>Total Group's property, plant and equipment</b>	<b>1,332,586</b>	<b>(145,827)</b>	<b>1,186,759</b>	<b>104,369</b>	<b>(70,008)</b>	<b>142,764*</b>	<b>(1,663)</b>	<b>65,210</b>	<b>1,447,729</b>	<b>(136,577)</b>	<b>1,311,152</b>



(continued)

**18 Property, plant and equipment (continued)**

Group 2012	Cost / revaluation \$'000	Accumulated depreciation and impairment charges \$'000	Carrying amount \$'000	Additions \$'000	Disposals \$'000	Revaluations \$'000	Impairment losses \$'000	Other \$'000	Cost / revaluation \$'000	Accumulated depreciation and impairment charges \$'000	Carrying amount \$'000
<b>Operational assets</b>											
Land and Buildings	122,091	(11,726)	110,365	1,766	(1,131)	(4,800)	(1,482)	1,981	118,955	(12,142)	106,813
Plant and equipment	62,936	(29,437)	33,499	3,462	(667)	-	-	577	66,457	(32,213)	34,244
Motor Vehicles	7,378	(4,703)	2,675	1,878	(1,239)	-	-	-	8,016	(4,549)	3,467
Total operational assets	192,405	(45,866)	146,539	7,106	(3,037)	(4,800)	(1,482)	2,558	193,428	(48,904)	144,524
<b>Infrastructural assets</b>											
<u>At cost &amp; valuation</u>											
Flood Protection	236,512	(7,306)	229,206	1,418	-	49,067	-	1,926	288,923	(6,613)	282,310
Parks and Forests	59,180	(1,947)	57,233	14	-	-	-	-	59,194	(2,525)	56,669
Capital work in progress	64,214	-	64,214	51,096	-	-	-	(52,589)	62,723	-	62,723
Port wharves and paving	85,258	(31,693)	53,565	5,428	-	-	-	(2,637)	87,520	(32,774)	54,746
Navigational Aids	1,745	(1,167)	578	-	-	-	-	-	1,745	(1,190)	555
Transport Infrastructure	153,847	(10,267)	143,580	93,920	(6,707)	-	-	48,971	290,032	(23,425)	266,607
Water Infrastructure	346,760	(22,627)	324,133	1,247	(737)	-	-	1,751	349,021	(30,396)	318,625
Total infrastructural assets	947,516	(75,007)	872,509	153,123	(7,444)	49,067	-	(2,578)	1,139,158	(96,923)	1,042,235
Total Group's property, plant and equipment	1,139,921	(120,873)	1,019,048	160,229	(10,481)	44,267*	(1,482)	(20)	1,332,586	(145,827)	1,186,759

## 19 Intangible assets

Council	Software \$'000	Emission units \$'000	Total \$'000
<b>At 1 July 2011</b>			
Cost and valuation	5,619	1,960	7,579
Accumulated amortisation and impairment	(2,773)	-	(2,773)
Net book amount	<u>2,846</u>	<u>1,960</u>	<u>4,806</u>
<b>Year ended 30 June 2012</b>			
Opening net book amount	2,846	1,960	4,806
Additions	23	-	23
Revaluation	-	218	218
Amortisation charge	(804)	-	(804)
Closing net book amount	<u>2,065</u>	<u>2,178</u>	<u>4,243</u>
<b>At 30 June 2012</b>			
Cost and valuation	5,642	2,178	7,820
Accumulated amortisation and impairment	(3,577)	-	(3,577)
Net book amount	<u>2,065</u>	<u>2,178</u>	<u>4,243</u>
<b>Year ended 30 June 2013</b>			
Opening net book amount	2,065	2,178	4,243
Additions	304	-	304
Revaluation	-	(1,297)	(1,297)
Transfers	1,220	-	1,220
Amortisation charge	(1,103)	-	(1,103)
Closing net book amount	<u>2,486</u>	<u>881</u>	<u>3,367</u>
<b>At 30 June 2013</b>			
Cost and valuation	7,072	881	7,953
Accumulated amortisation and impairment	(4,586)	-	(4,586)
Net book amount	<u>2,486</u>	<u>881</u>	<u>3,367</u>

**19 Intangible assets (continued)**

Group	Software \$'000	Emission units \$'000	Total \$'000
Cost and valuation	3,270	1,960	5,230
Accumulated amortisation and impairment	-	-	-
<b>Year ended 30 June 2012</b>			
Opening net book amount	3,270	1,960	5,230
Additions	272	-	272
Revaluation	-	218	218
Amortisation charge	(1,098)	-	(1,098)
Closing net book amount	<u>2,444</u>	<u>2,178</u>	<u>4,622</u>
<b>At 30 June 2012</b>			
Cost	8,899	2,178	11,077
Accumulated amortisation and impairment	(6,455)	-	(6,455)
Net book amount	<u>2,444</u>	<u>2,178</u>	<u>4,622</u>
<b>Year ended 30 June 2013</b>			
Opening net book amount	2,444	2,178	4,622
Additions	530	-	530
Revaluation	-	(1,297)	(1,297)
Transfers	1,220	-	1,220
Amortisation charge	(1,330)	-	(1,330)
Closing net book amount	<u>2,864</u>	<u>881</u>	<u>3,745</u>
<b>At 30 June 2013</b>			
Cost and valuation	10,555	881	11,436
Accumulated amortisation and impairment	(7,691)	-	(7,691)
Net book amount	<u>2,864</u>	<u>881</u>	<u>3,745</u>

## 19 Intangible assets (continued)

No intangible assets are pledged as security for liabilities

\* The Council received allocations of New Zealand units for the emission trading scheme. These units were recognised at fair value when the units were issued and subsequently revalued at balance date.

## 20 Forestry investments

	Council		Group	
	Actual 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Actual 2012 \$'000
Forestry assets	22,064	22,064	22,064	22,064
Forestry revaluations	1,844	-	1,844	-
Harvest trees	(531)	-	(531)	-
<b>Carrying amount at 30 June 2013</b>	<b>23,377</b>	<b>22,064</b>	<b>23,377</b>	<b>22,064</b>

Plantation forestry activity including planting, silviculture and harvesting is undertaken on 5,520 hectares (2012: 5,520 ha) of predominantly pinus radiata plantings. Up to 81,000 tonnes are harvested annually.

Plantation forests are independently valued annually to an estimate of the market valuation of the forestry investment at point of harvest based on net present value using a pre tax discount rate of 7% (2012 8.0%). The valuation is based on the existing tree crop only and does not include cashflows associated with future replanting. No allowance is made for inflation and no real price increases are assumed.

Council is exposed to financial risk arising from changes in timber prices. Council is a long term forestry investor and does not expect timber prices to decline significantly in the foreseeable future. Therefore, no measures have been taken to manage the risks of a decline in timber prices. Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

## 21 Investment properties / Investment assets held for sale

Greater Wellington Regional Council holds no investment in properties

The Group's investment properties and investment assets held for sale comprise of CentrePort's developed and undeveloped investment properties.

Investment properties are revalued every year and are valued in accordance with New Zealand Property Institute Practice Standard 3 – Valuations for Financial Reporting Purposes at fair value arrived at using comparable market rental information.

CentrePort investment properties are revalued every year. Investment properties were valued on 30 June 2012 by independent registered valuers of the firm Colliers International Limited. The valuation assumes completion of the Harbour Quays Development plan as approved by the CentrePort Board and certain costs to complete the infrastructure development have been identified to reduce the valuation to the inspection date of 30 June 2012. The fair value of the investment property valued was \$60.3 million (2012: \$56 million).

The valuations use existing and forecast cash flows based on existing lease terms and expected future occupancy. The capitalisation rate is consistent with comparable properties in the marketplace at 9% (2012: 10%).

**21 Investment properties / Investment assets held for sale (continued)**

	Council		Group	
	Actual 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Actual 2012 \$'000
Developed investment properties brought forward	-	-	27,345	31,670
Additions (Disposals)	-	-	7	182
Transfer from (to) investment property under development	-	-	(4,650)	-
Transfer from (to) land available for development	-	-	(2,520)	3,500
Net change in the value of developed investment property	-	-	178	(8,007)
<b>Developed investment properties carried forward</b>	<b>-</b>	<b>-</b>	<b>20,360</b>	<b>27,345</b>
Land available for development brought forward	-	-	28,682	34,452
Additions (Disposals)	-	-	266	-
Transfer from (to) developed investment property	-	-	2,520	(3,500)
Net change in the value of land available for development	-	-	824	-
<b>Land available for development carried forward</b>	<b>-</b>	<b>-</b>	<b>32,292</b>	<b>30,952</b>
Investment properties under development brought forward	-	-	-	-
Additions (Disposals)	-	-	4,650	-
Transfer from (to) developed investment property	-	-	2,962	-
Investment property held for sale	-	-	7,612	-
<b>Total investment properties</b>	<b>-</b>	<b>-</b>	<b>60,264</b>	<b>58,297</b>
Investment properties held for sale brought forward	-	-	-	150,956
Additions (disposals) to property held for sale	-	-	-	(150,956)
Total Change in Value	-	-	-	-

## 22 Investments in subsidiaries

Name of entity	Relationship	Equity holding	
		2013 %	2012 %
WRC Holdings	Subsidiary	100	100
Pringle House Limited	Subsidiary	100	100
Port Investment Limited	Subsidiary	100	100
CentrePort Limited	Subsidiary	76.9	76.9
Greater Wellington Rail Limited	Subsidiary	100	100
Greater Wellington Infrastructure Limited	Subsidiary	100	100
Greater Wellington Transport Limited	Subsidiary	100	100
Grow Wellington Limited	Subsidiary	100	100
Creative HQ Limited	Subsidiary	100	100

All the companies mentioned above were incorporated in New Zealand and have a balance date of 30 June.

All significant intra-group transactions have been eliminated on consolidation. Please see note 31 on related party transactions for details.

	Council	
	Actual 2013 \$'000	Actual 2012 \$'000
WRC Holdings Limited shares	68,514	59,981
Grow Wellington Limited shares	-	-
<b>Total investment in subsidiaries</b>	<b>68,514</b>	<b>59,981</b>

The shares in Grow Wellington have not been called upon and therefore are reflected at nil value.

### 23 Derivative financial instruments

	Council		Group	
	Actual 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Actual 2012 \$'000
<b>Current asset portion</b>				
Foreign Exchange contracts	268	-	268	-
<b>Total current asset portion</b>	<b>268</b>	<b>-</b>	<b>268</b>	<b>-</b>
<b>Non-current asset portion</b>				
Interest rate swaps	1,486	839	1,486	839
<b>Total non-current asset portion</b>	<b>1,486</b>	<b>839</b>	<b>1,486</b>	<b>839</b>
<b>Total derivative financial instruments - assets</b>	<b>1,754</b>	<b>839</b>	<b>1,754</b>	<b>839</b>
<b>Current liability portion</b>				
Forward foreign exchange contracts - cash flow hedges	-	-	-	-
Interest rate swaps	-	-	-	-
Foreign Exchange contracts	-	-	-	550
Diesel Contracts	-	-	-	7
Interest rate swaps	134	-	134	382
<b>Total current liability portion</b>	<b>134</b>	<b>-</b>	<b>134</b>	<b>939</b>
<b>Non-current liability portion</b>				
Interest rate swaps	5,428	9,285	15,832	24,589
<b>Total non-current liability portion</b>	<b>5,428</b>	<b>9,285</b>	<b>15,832</b>	<b>24,589</b>
<b>Total derivative financial instruments - liabilities</b>	<b>5,562</b>	<b>9,285</b>	<b>15,966</b>	<b>25,528</b>

For more information on interest rate swaps and foreign exchange contracts, please refer to Note 28 Financial Instruments. The fair values of the derivative financial instruments have been determined using a Discounted Cashflow technique based on market prices at Balance Date.

### 24 Trade and other payables

	Council		Group	
	Actual 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Actual 2012 \$'000
Trade payables	19,847	52,937	22,727	56,448
Income received in advance	659	6,199	659	6,199
Accrued interest payable	958	1,112	931	1,112
Deposits and bonds	-	-	154	-
<b>Total trade and other payables</b>	<b>21,464</b>	<b>60,248</b>	<b>24,471</b>	<b>63,759</b>

Trade and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value approximates their fair value.

## 25 Debt

	Council		Group	
	Actual 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Actual 2012 \$'000
<b>Current debt liabilities</b>				
Committed Lines	6,000	-	6,707	723
Commercial paper	18,868	9,441	18,868	9,441
Bonds	25,000	-	25,000	-
Floating rate notes	25,000	-	25,000	-
	<u>74,868</u>	<u>9,441</u>	<u>75,575</u>	<u>10,164</u>
<b>Non-current debt liabilities</b>				
Bank loans	-	-	154,138	148,660
Crown loan	19,494	18,050	19,494	18,050
Bonds	-	25,000	-	25,000
Floating rate notes	75,000	75,000	75,000	75,000
	<u>94,494</u>	<u>118,050</u>	<u>248,632</u>	<u>266,710</u>
<b>Total debt liabilities</b>	<u>169,362</u>	<u>127,491</u>	<u>324,207</u>	<u>276,874</u>

### Terms and conditions

1) Greater Wellington has no overdraft facility. As at 30 June 2013 Greater Wellington had undrawn credit lines of \$44,000,000 (2012 \$70,000,000), of which \$19,000,000 mature in 2017 and \$25,000,000 mature in 2018. Both facilities can be repaid or drawn down until expiry and have the ability to be extended annually at the discretion of the bank. The interest charge on the drawn facility is 3.5% as at 30 June 2013 (2012 undrawn). The borrowings are subject to a charge over rates under which the lenders provide funds.

2) As at 30 June 2013, Greater Wellington's external debt has a weighted average interest rate (after the effect of derivatives) of 4.28% (2012 4.48%) and is recorded at amortised cost. The Crown loans are based on a discounted cashflow valuation basis utilising a discount rate of 8%. The amount due at maturity is \$26,521,272.

3) CentrePort Limited has a secured bank loan facility of \$125 million with renewal dates in 2014 and 2015. The facility can be repaid or drawn down until expiry. The interest rate charged on this facility as at 30 June 2013 ranged from to p.a. (2012 3.75% to 6.49%). No collateral was required on lending but CentrePort Limited has given the bank a negative pledge and there are restrictions on the quantum of borrowing made.

WRC Holdings Limited has a bank loan facility of \$44.0 million which is undrawn (2012 \$44.0 million undrawn) and is secured by a debenture over uncalled capital in the company. As the facility is undrawn there is no interest rate charged on the facility as at 30 June 2013, (2012 undrawn). The rate charged on the commercial paper was 2.81 % at 30 June 2013 (2012 2.75%)

4) Wellington Regional Council (long term S&P credit rating of AA) guaranteed the borrowings of CentrePort Limited up to their banking facility limit of \$125M. In recognition of the provision of the guarantee the company pays a guarantee fee to Wellington Regional Council.



**26 Employee benefit liabilities**

	Council		Group	
	Actual 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Actual 2012 \$'000
<b>Current</b>				
Annual leave	<u>2,687</u>	<u>2,446</u>	<u>6,152</u>	<u>5,965</u>
	<b>2,687</b>	<b>2,446</b>	<b>6,152</b>	<b>5,965</b>
<b>Non-current</b>				
Annual leave	<u>555</u>	<u>594</u>	<u>896</u>	<u>1,130</u>
	<b>555</b>	<b>594</b>	<b>896</b>	<b>1,130</b>
<b>Total employee benefit liabilities</b>	<u><b>3,242</b></u>	<u>3,040</u>	<u><b>7,048</b></u>	<u>7,095</u>

**27 Provisions**

	Council		Group	
	Actual 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Actual 2012 \$'000
Provision for dividend	<u>-</u>	<u>-</u>	<u>519</u>	<u>523</u>
	<b>-</b>	<b>-</b>	<b>519</b>	<b>523</b>

	Provision for dividend \$'000	Total \$'000
<b>Current</b>		
<b>Group - 2013</b>		
Opening carrying value	519	519
Additions including increases	-	-
Provisions used during the year	-	-
Carrying amount at end of year	<u>519</u>	<u>519</u>
<b>Group - 2012</b>		
Opening carrying value	523	523
Additions including increases	-	-
Provisions used during the year	-	-
Carrying amount at end of year	<u>523</u>	<u>523</u>

**28 Reconciliation of operating surplus / (deficit) with cashflow from operating activities**

	Council		Group	
	Actual 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Actual 2012 \$'000
<b>Surplus after tax</b>	<b>351</b>	(5,525)	<b>13,473</b>	61,086
<b>Add / (less) non-cash items</b>				
Depreciation and amortisation	12,744	12,372	38,942	32,466
Non cash assets	(1,598)	-	(1,598)	-
Impairment of property, plant and equipment	-	-	10,576	817
Sale of fixed assets	(3)	(118)	304	630
Borrowings	-	-	-	(17)
Equity accounted earnings from associate companies	-	-	(3,960)	(1,345)
Change in value of future tax benefit	-	-	2,124	23,946
Changes in fair value of forestry investments	(1,844)	(2,683)	(1,844)	(2,683)
Changes in fair value of emission units	1,297	(1,960)	1,297	(1,960)
Revaluation movements	-	-	(1,002)	-
Changes in fair value of investment property	-	-	(5,586)	12,714
Changes in fair value of derivative financial instruments	(2,921)	4,689	(2,921)	12,053
Changes in fair value of stadium advance	1,444	-	1,444	2,363
Changes in fair value of bonds	-	-	-	-
Changes in fair value of stadium loan	-	1,337	-	1,337
Movement in provision for impairment of doubtful debts	(10)	(63)	(3)	(46)
<b>Add / (less) movements in working capital</b>				
Accounts receivable	1,683	(7,383)	34,467	(40,455)
Inventory	(269)	26	(2,843)	1,642
Tax refund due	-	-	(3,716)	4,141
Accounts payable	(37,937)	(17,970)	(66,420)	10,639
Employee provisions	(353)	196	(595)	768
WRC Holdings Group current account	(3,538)	32,116	(6,067)	33,591
<b>Add / (less) items classified as investing or financing activities</b>				
Financial instruments	-	-	(277)	340
Accounts payable related to fixed assets	-	-	(32,933)	(131,828)
Dividend paid / payable	-	-	2,167	(259)
(Gains) / losses on disposal of property, plant and equipment	-	-	(1)	-
WRC Holdings Group activities relating to financing	-	-	8,718	9,447
Increase in share capital	-	-	-	-
Forestry encouragement loan interest compounded	-	-	-	-
Profit from Discontinued Operations	-	-	-	(364)
<b>Net Cashflow from operating activities</b>	<b>(30,954)</b>	15,034	<b>(16,254)</b>	29,023

## 29 Financial risk management

The Council and Group have a series of policies to manage the financial risks associated with its operation. These risks include market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cashflow interest rate risk.

The Council and Group seek to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial instruments is governed by Treasury policies which are approved by the Council / the board of directors respectively. The policies do not allow the Group to enter into any transaction that is speculative in nature.

### (a) Market risk

#### Currency Risk

Currency risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group manages currency risk by ensuring that where possible asset purchases are denominated in New Zealand dollars. Any foreign currency risks arising from contractual commitments and liabilities are managed by entering into forward foreign exchange contracts to hedge the foreign currency risk exposure. This means that the Group is able to fix the New Zealand dollar amount payable prior to delivery of goods and services from overseas.

The following are the undiscounted contractual cash flows.

Forward foreign exchange contracts	Council		Group	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Less than one year	-	-	-	8,253
One to two years	-	-	-	-
Two to five years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,253</u>

#### Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group has exposure to fair value interest rate risks as a result of investments, external debt and cash balances.

To minimise the risk on external debt, management monitors the levels of interest rates on an ongoing basis and uses forward rate and swap agreements and interest rate collars (options) to manage interest rate exposures for future periods. At 30 June 2013 the Group had entered into the following interest rate swap agreements:

Interest rate swap agreements	Council		Group	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Less than one year	40,000.0	-	40,000.0	14,000
One to two years	-	40,000	20,000.0	40,000
Two to five years	80,000.0	60,000	175,000.0	120,000
Greater than five years	90,000.0	50,000	155,000.0	140,000
	<u>210,000</u>	<u>150,000</u>	<u>390,000</u>	<u>314,000</u>

The notional principal amounts of the outstanding interest rate swap contracts for Greater Wellington were \$210,000,000 (2012 \$150,000,000) and for the Group \$390,000,000 (2012 \$314,000,000). At 30 June 2013, the fixed interest rates of swaps of the Council vary from 2.57% to 6.13% (2012 2.57% to 6.13%). At balance date the swap arrangements of the Group are ranging from 2.57% to 6.23% (2012 2.57% to 6.49%).

#### Cashflow interest rate risk

Cashflow interest rate risk is the risk that the cashflows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Group to cashflow interest rate risk.

## 29 Financial risk management (continued)

Generally, the Group raises long term borrowings at short term rates and swaps them back into fixed rates using interest rate swaps to manage the cashflow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if Greater Wellington borrowed at fixed rates directly. Under the interest rate swaps the Group agrees with other parties to exchange, at specific intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

30 June 2013	Council				Group			
	-1% Surplus/ (deficit) \$'000	Equity \$'000	+1% Surplus/ (deficit) \$'000	Equity \$'000	-1% Surplus/(de ficit) \$'000	Equity \$'000	+1% Surplus/(de ficit) \$'000	Equity \$'000
<b>Interest rate risk</b>								
<b>Financial assets</b>								
Cash at bank and term deposits	(83)	-	83	-	(91)	-	91	-
water supply contingency	(137)	-	137	-	(137)	-	137	-
Bank bonds / Floating Rate Notes	(230)	-	230	-	(230)	-	230	-
New Zealand Local Government Funding Agency Limited borrower notes	(12)	-	12	-	(12)	-	12	-
Derivatives	(3,142)	-	3,073	-	(3,142)	-	3,073	-
<b>Financial liabilities</b>								
Commercial paper	189	-	(189)	-	189	-	(189)	-
Committed and uncommitted lines	60	-	(60)	-	1,608	-	(1,608)	-
Floating Rate Notes	1,000	-	(1,000)	-	1,000	-	(1,000)	-
Derivatives	(4,460)	-	4,375	-	(10,124)	-	9,974	-
<b>Total sensitivity to interest rate risk</b>	<b>(6,815)</b>	<b>-</b>	<b>6,661</b>	<b>-</b>	<b>(10,939)</b>	<b>-</b>	<b>10,720</b>	<b>-</b>

30 June 2013	Council				Group			
	-1% Surplus/ (deficit) \$'000	Equity \$'000	+1% Surplus/ (deficit) \$'000	Equity \$'000	-1% Surplus/ (deficit) \$'000	Equity \$'000	+1% Surplus/ (deficit) \$'000	Equity \$'000
<b>Foreign exchange risk</b>								
<b>Financial assets</b>								
Derivatives	-	-	-	-	-	-	-	-
<b>Total sensitivity to foreign exchange risk</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

30 June 2012	Council				Group			
	-1% Surplus/ (deficit) \$'000	Equity \$'000	+1% Surplus/ (deficit) \$'000	Equity \$'000	-1% Surplus/(de ficit) \$'000	Equity \$'000	+1% Surplus/(de ficit) \$'000	Equity \$'000
<b>Interest rate risk</b>								
<b>Financial assets</b>								
Cash at bank and term deposits	(83)	-	83	-	(484)	-	-	-
Water supply contingency	(137)	-	137	-	-	-	484	-
Bank bonds / Floating Rate Notes	(230)	-	230	-	(230)	-	230	-
New Zealand Local Government Funding Agency Limited borrower notes	(12)	-	12	-	(8)	-	8	-
Derivatives	(3,142)	-	3,073	-	(152)	-	111	-
<b>Financial liabilities</b>								
Commercial paper	189	-	(189)	-	94	-	(94)	-
Committed and uncommitted lines	60	-	(60)	-	1,487	-	(1,487)	-
Floating Rate Notes	1,000	-	(1,000)	-	750	-	(750)	-
Derivatives	(4,460)	-	4,375	-	(11,657)	-	11,400	-
<b>Total sensitivity to interest rates</b>	<b>(6,815)</b>	<b>-</b>	<b>6,661</b>	<b>-</b>	<b>(10,200)</b>	<b>-</b>	<b>9,902</b>	<b>-</b>

## 29 Financial risk management (continued)

30 June 2012	Council				Group			
	-1%		+1%		-1%		+1%	
Foreign exchange risk	Surplus/ (deficit) \$'000	Equity \$'000	Surplus/ (deficit) \$'000	Equity \$'000	Surplus/ (deficit) \$'000	Equity \$'000	Surplus/ (deficit) \$'000	Equity \$'000
<b>Financial assets</b>								
Derivatives	-	-	-	-	855	-	(700)	-
<b>Total sensitivity to foreign exchange risk</b>	-	-	-	-	855	-	(700)	-

### Explanation of sensitivity analysis – Council

#### 1) Cash at bank and term deposits

Cash at bank and term deposits are totalling \$8,335,000(2012 \$47,669,000). A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$83,000(2012 \$477,000).

#### 2) Floating rate notes

There are \$33,000,000 (2012 \$23,000,000) invested in bonds and notes. A movement in interest rates of plus or minus 1% has an effect on interest income of \$230,000 (2012 \$230,000)

#### 3) New Zealand Local Government Funding Agency Limited borrower notes

There are \$1,200,000(2012 \$800,000) invested in LGFA borrower notes. A movement in interest rates of plus or minus 1% has an effect on interest income of \$12,000 (2012 \$8,000).

#### 4) Derivatives

##### a) Interest rate swaps - assets

Derivative financial assets include interest rate swaps which have a fair value totalling \$1,754,000 (2012 \$839,000). A movement in interest rates of plus 1% results in a gain of \$3,073,000 (2012 \$111,000 gain). A movement in interest rates of minus 1% results in loss of \$3,142,000 (2012 \$152,000).

##### b) Interest rate swaps - liabilities

Derivative financial liabilities include interest rate swaps which have a fair value totalling \$5,562,000 (2012 (\$9,285,000)). A movement in interest rates of plus 1% results in a gain of \$4,375,000 (2012 \$4,541,000 gain). A movement in interest rates of minus 1% results in a net loss of \$4,460,000(2012 \$4,804,000).

##### c) Foreign exchange contracts

Greater Wellington had not entered into any foreign exchange contracts as at 30 June 2013. The fair value of any contracts at the end of the previous year was \$1,000. A movement on foreign exchange rates of plus or minus 10% has no impact (2012 no impact).

#### 5) Commercial paper

The issued commercial paper has a value of \$18,868,000 (2012 \$9,441,000). A movement in interest rates of plus or minus 1% has an effect on interest expenses of \$189,000 (2012 \$94,000).

#### 6) Committed and uncommitted lines

Money market borrowing under committed and uncommitted lines totalled \$6,000,000 (2012 \$Nil). A movement of plus or minus 1% in market interest rates has an effect on interest expense of \$60,000 (2012 \$Nil).

#### 7) Floating Rate Notes

The issued Floating Rate Notes have a value of \$100,000,000 (2012 \$75,000,000). A movement in interest rates of plus 1% has an effect of higher interest expenses of \$1,000,000 (2012 \$750,000). A movement in interest rates of 1% lower has an effect of \$1,000,000 (2012 \$750,000) lower interest expense.

## 29 Financial risk management (continued)

### Explanation of sensitivity analysis – Group

#### 1) Cash at bank and term deposits

Cash at bank and term deposits are totalling \$9,119,000 (2012 \$48,385,000). A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$91,000 (2012 \$484,000) and negative \$91,000 (2012 \$484,000)

#### 2) Water Supply Contingency Investment

There are \$13,695,000 (2012 nil) invested in water contingency term deposits. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$137,000 (2012 nil)

#### 3) Bank Bonds/Floating rate notes

There are \$33,000,000 (2012 \$23,000,000) invested in floating rate notes. A movement in interest rates of plus or minus 1% has an effect of \$230,000 (2012 \$230,000) and negative \$230,000 (2012 -\$230,000) respectively.

#### 4) New Zealand Local Government Funding Agency Limited borrower notes

There are \$1,200,000 (2012 \$800,000) invested in LGFA borrower notes. A movement in interest rates of plus or minus 1% has an effect on interest income of \$12,000 (2012 \$8,000)

#### 5) Derivatives

##### a) Interest rate swaps - assets

Derivative financial assets include interest rate swaps which have a fair value totalling \$1,754,000 (2012 \$736,000). A movement in interest rates of plus 1% results in a profit of \$3,073,000 (2012 \$111,000 profit). A movement in interest rates of minus 1% results in a loss of \$3,142,000 (2012 \$152,000 loss)

##### b) Interest rate swaps - liabilities

Derivative financial liabilities include interest rate swaps which have a fair value totalling \$16,017,000 (2012 (\$24,970,000)). A movement in interest rates of plus 1% results in a gain of \$9,974,000 (2012 \$11,400,000). A movement in interest rates of minus 1% results in a net loss of \$10,124,000 (2012 \$11,657,000)

##### c) Foreign exchange contracts

Derivative financial assets include forward foreign exchange contracts with a total fair value of \$nil (2012 \$7,685,000). A movement on foreign exchange rates of plus or minus 10% has an impact of -\$nil/+\$nil (2012 -\$700,000 / +\$855,000) based on a valuation.

#### 6) Commercial paper

The issued commercial paper has a value of \$18,868,000 (2012 \$9,441,000). A movement in interest rates of plus 1% has an effect on interest expenses of \$189,000 (2012 \$94,000) and a 1% reduction in interest rates decreases interest costs by \$189,000 (2012 \$94,000) respectively.

#### 7) Committed and uncommitted lines

Money market borrowing under committed and uncommitted lines totalled \$160,845,000 (2012 \$148,660,000). A movement of plus or minus 1% in market interest rates has an effect on interest expense of \$1,608,000 (2012 \$1,487,000).

#### 8) Floating Rate Notes

The issued Floating Rate Notes have a value of \$100,000,000 (2012 \$75,000,000). A movement in interest rates of plus 1% has an effect of higher interest expenses of \$1,000,000 (2012 \$750,000). A movement in interest rates of 1% lower has an effect of \$1,000,000 (2012 \$750,000) lower interest expense.

## 29 Financial risk management (continued)

### (b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Financial instruments which expose the Group to credit risk are principally bank balances, receivables and investments. The Group monitors credit risk on an ongoing basis.

Bank balances, Bank Bonds and Notes as well as short-term investments are held with New Zealand-registered banks in accordance with Greater Wellington's Treasury Risk Management Policy. No collateral is held by Greater Wellington in respect of bank balances or investments. CentrePort Limited performs credit evaluations on all customers requiring credit and generally does not require collateral.

The Stadium advance is reliant on the Stadium Trust repaying all its external debt prior to making repayments to the settling trustees. Repayments are not scheduled and are not expected until at least 2025.

### Concentration of credit risk

Greater Wellington derives the majority of its income from rates, the regional water supply levy and transport subsidies. Regional water supply levies are collected from the four Wellington metropolitan cities and rates are collected for Greater Wellington by the territorial authorities in the region on an agency basis. Funding for public transport is received from the New Zealand Transport Agency and the Ministry of Transport.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

### Financial instrument risks

The Group's maximum credit exposure for each class of financial instrument are as follows.

	Council		Group	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Cash at bank and term deposits	8,335	47,669	-	48,385
Trade and other receivables	28,172	30,889	37,051	36,004
Bank bonds / Notes	33,000	33,000	-	33,000
New Zealand Local Government Funding Agency				
Limited borrower notes	1,200	800	-	800
Stadium advance	2,249	2,249	-	2,249
Derivative financial instrument assets	1,754	839	-	839
Total credit risk	<u>74,710</u>	<u>115,446</u>	<u>37,051</u>	<u>121,277</u>

## 29 Financial risk management (continued)

### Credit quality of financial assets

The credit quality of financial assets can be assessed by reference to Standard and Poor's credit rating or to historical information about counterparty default rates.

	Council		Group	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>Counterparties with credit ratings</b>				
<b>New Zealand Local Government Funding Agency</b>				
<b>Limited borrower notes</b>				
AA+	<u>1,200</u>	800	<u>1,200</u>	800
<b>Cash at bank and term deposits</b>				
AA	-	-	-	-
AA-	8,335	47,669	9,119	48,385
A+	<u>13,695</u>	-	<u>-</u>	-
<b>Total</b>	<u>22,030</u>	47,669	<u>9,119</u>	48,385
<b>Bank bonds / Notes</b>				
AA	-	-	-	-
AA-	<u>33,000</u>	33,000	<u>33,000</u>	33,000
<b>Derivative financial instruments</b>				
AA	-	-	-	-
AA-	<u>1,754</u>	839	<u>1,754</u>	839

### (c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet financial commitments as they fall due.

Greater Wellington minimises liquidity risk principally by maintaining liquid financial investments, undrawn committed lines with its relationship banks, in accordance with the Treasury Risk Management Policy. The investments are either in short term deposits or negotiable securities that are readily traded in the wholesale market. All counterparties have an AA- S&P rating. CentrePort Limited reduces its exposure to liquidity risk through a bank overdraft and a New Zealand dollar commercial bill facility.



## 29 Financial risk management (continued)

### Contractual maturity analysis of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual date. Future interest payments on floating rate debt is based on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cashflows.

30 June 2013	Less than 1 year \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000	Contractual cashflows \$'000	Carrying amount \$'000
<b>Council 2013</b>						
<b>Financial liabilities</b>						
Trade and other payables	20,032	-	-	-	20,032	20,032
Commercial paper	19,000	-	-	-	19,000	18,868
Lines of credit	-	-	6,001	-	6,001	6,000
Bond Issuances	25,700	-	-	-	25,700	25,000
Floating Rate Notes	28,477	27,647	29,823	25,600	111,547	100,000
Crown loans	-	-	26,521	-	26,521	18,050
Bank loans	-	-	-	-	-	-
<b>Total financial liabilities</b>	<b>93,209</b>	<b>27,647</b>	<b>62,345</b>	<b>25,600</b>	<b>208,801</b>	<b>187,950</b>
<b>Council 2012</b>						
<b>Financial liabilities</b>						
Trade and other payables	59,400	-	-	-	59,400	59,400
Commercial paper	9,500	-	-	-	9,500	9,441
Lines of credit	-	-	-	-	-	-
Bond Issuances	1,399	25,699	-	-	27,098	25,000
Floating Rate Notes	2,710	27,710	28,815	25,486	84,721	75,000
Crown loans	-	-	26,521	-	26,521	18,050
Bank loans	-	-	-	-	-	-
<b>Total financial liabilities</b>	<b>73,009</b>	<b>53,409</b>	<b>55,336</b>	<b>25,486</b>	<b>207,240</b>	<b>186,891</b>
<b>Group 2013</b>						
<b>Financial liabilities</b>						
Trade and other payables	28,475	-	-	-	28,475	28,475
Commercial paper	-	19,000	-	-	19,000	18,868
Lines of credit	-	-	-	6,001	6,001	6,000
Bond Issuances	-	25,700	-	-	25,700	25,000
Floating Rate Notes	-	28,477	27,647	29,823	111,547	100,000
Crown loans	-	-	-	26,521	26,521	18,050
WRCH Group Loans	-	10,319	179,380	-	189,699	154,845
<b>Total financial liabilities</b>	<b>28,475</b>	<b>83,496</b>	<b>207,027</b>	<b>62,345</b>	<b>406,943</b>	<b>351,238</b>
<b>Group 2012</b>						
<b>Financial liabilities</b>						
Trade and other payables	63,759	-	-	-	63,759	63,759
Commercial paper	9,500	-	-	-	9,500	9,441
Lines of credit	-	-	-	-	-	-
Bond Issuances	1,399	25,699	-	-	27,098	25,000
Floating Rate Notes	2,710	27,710	28,815	25,486	84,721	75,000
Crown loans	-	-	26,521	-	26,521	18,050
Bank loans	10,310	57,920	102,670	-	170,900	149,383
<b>Total financial liabilities</b>	<b>87,678</b>	<b>111,329</b>	<b>158,006</b>	<b>25,486</b>	<b>382,499</b>	<b>340,633</b>

## 29 Financial risk management (continued)

### Contractual maturity analysis of financial liabilities

The table below analyses the Group's foreign exchange contracts that will be settled on a gross basis into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cashflows.

Council and Group 2013	Less than 6 months \$'000	Between 6 months and 1 year \$'000	More than 1 year \$'000	Contractual cashflows \$'000	Carrying amount \$'000
Forward foreign exchange contracts: Outflow	-	-	-	-	-
Council and Group 2012					
Forward foreign exchange contracts: Outflow	4,103	4,150	-	8,253	550

### (d) Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) - Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) - Financial instruments valued using models where one or more significant inputs are not observable.

## 29 Financial risk management (continued)

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position.

Council	Significant non observable inputs \$'000	Observable inputs \$'000	Quoted market price \$'000	Total \$'000
<b>30 June 2013</b>				
<b>Financial assets</b>				
Bank bonds / Notes	-	33,000	-	33,000
New Zealand Local Government Funding Agency Limited borrower notes	-	1,200	-	1,200
Stadium advance	2,429	-	-	2,429
Derivative financial instrument assets	-	1,754	-	1,754
<b>Total assets</b>	<u>2,429</u>	<u>35,954</u>	<u>-</u>	<u>38,383</u>
<b>Financial liabilities</b>				
Derivative financial instrument liabilities	-	5,562	-	5,562
Fixed rate bonds	-	25,000	-	25,000
Floating rate notes	-	100,000	-	100,000
Crown loans	19,494	-	-	19,494
<b>Total liabilities</b>	<u>19,494</u>	<u>130,562</u>	<u>-</u>	<u>150,056</u>
<b>30 June 2012</b>				
<b>Financial assets</b>				
Bank bonds / Notes	-	33,000	-	33,000
New Zealand Local Government Funding Agency Limited borrower notes	-	800	-	800
Stadium advance	2,249	-	-	2,249
Derivative financial instrument assets	-	839	-	839
<b>Financial liabilities</b>				
Derivative financial instrument liabilities	-	9,285	-	9,285
Fixed rate bonds	-	25,000	-	25,000
Floating rate notes	-	75,000	-	75,000
Crown loans	18,050	-	-	18,050

## 29 Financial risk management (continued)

Group	Significant non observable inputs \$'000	Observable inputs \$'000	Quoted market value \$'000	Total \$'000
<b>30 June 2013</b>				
<b>Financial assets</b>				
Bank bonds / Notes	-	33,000	-	33,000
New Zealand Local Government Funding Agency				
Limited borrower notes	-	1,200	-	1,200
Stadium advance	2,429	-	-	2,429
Derivative financial instrument assets	-	1,754	-	1,754
<b>Total assets</b>	<b>2,429</b>	<b>35,954</b>	<b>-</b>	<b>38,383</b>
<b>Financial liabilities</b>				
Derivative financial instrument liabilities	-	15,967	-	15,967
Fixed rate bonds	-	25,000	-	25,000
Floating rate notes	-	100,000	-	100,000
Bank loans	-	160,845	-	160,845
Crown loans	19,494	-	-	19,494
<b>Total liabilities</b>	<b>19,494</b>	<b>301,812</b>	<b>-</b>	<b>321,306</b>
<b>30 June 2012</b>				
<b>Financial assets</b>				
Bank bonds / Notes	-	33,000	-	33,000
New Zealand Local Government Funding Agency				
Limited borrower notes	-	800	-	800
Stadium advance	-	-	2,249	2,249
Derivative financial instrument assets	-	839	-	839
<b>Financial liabilities</b>				
Derivative financial instrument liabilities	-	9,285	-	9,285
Fixed rate bonds	-	25,000	-	25,000
Floating rate notes	-	75,000	-	75,000
Bank loans	-	-	-	-
Crown loans	-	-	18,050	18,050

There were no transfers between the different levels of the fair value hierarchy.

Valuation techniques with significant non observable inputs (level 3)

The table below provides a reconciliation from the opening balance to the closing balance of the level 3 fair value measurements.

## 29 Financial risk management (continued)

Council	Level 3 \$'000	Total \$'000
Balance at 1 July 2012	20,299	20,299
Gain and losses recognised in the operating surplus or deficit	1,444	1,444
Gain and losses recognised in other comprehensive income	514	514
Purchases	-	-
Sales	-	-
Transfers into level 3	-	-
Transfers out of level 3	-	-
<b>Balance at 30 June 2013</b>	<b>22,257</b>	<b>-</b>
<b>Total gains or losses for the period included in surplus or deficit for assets held at the end of the reporting period</b>	<b>-</b>	<b>-</b>
Balance at 1 July 2011	21,325	21,325
Gain and losses recognised in the operating surplus or deficit	1,337	1,337
Gain and losses recognised in other comprehensive income	(2,363)	(2,363)
Purchases	-	-
Sales	-	-
Transfers into level 3	-	-
Transfers out of level 3	-	-
<b>Balance at 30 June 2012</b>	<b>20,299</b>	<b>-</b>
<b>Total gains or losses for the period included in surplus or deficit for assets held at the end of the reporting period</b>	<b>-</b>	<b>-</b>
Group	Level 3 \$'000	Total \$'000
Balance at 1 July 2012	20,299	20,299
Gain and losses recognised in the operating surplus or deficit	1,444	1,444
Gain and losses recognised in other comprehensive income	180	180
Purchases	-	-
Sales	-	-
Transfers into level 3	-	-
Transfers out of level 3	-	-
<b>Balance at 30 June 2013</b>	<b>21,923</b>	<b>-</b>
<b>Total gains or losses for the period included in surplus or deficit for assets held at the end of the reporting period</b>	<b>-</b>	<b>-</b>
Balance at 1 July 2011	21,325	21,325
Gain and losses recognised in the operating surplus or deficit	1,337	1,337
Gain and losses recognised in other comprehensive income	(2,363)	(2,363)
Purchases	-	-
Sales	-	-
Transfers into level 3	-	-
Transfers out of level 3	-	-
<b>Balance at 30 June 2012</b>	<b>20,299</b>	<b>-</b>
<b>Total gains or losses for the period included in surplus or deficit for assets held at the end of the reporting period</b>	<b>-</b>	<b>-</b>

There was no change to the valuation assumptions.

## 29 Financial risk management (continued)

### (e) Financial instruments by category

Assets	Assets at fair value through surplus or deficit \$'000	Assets at fair value through other comprehensive income \$'000	Loans and receivables \$'000	Held to maturity investments \$'000	Total \$'000
<b>Council</b>					
<b>30 June 2013</b>					
Cash at bank and term deposits	-	-	8,335	-	8,335
Debtors and other receivables	-	-	28,172	-	28,172
Derivative financial instrument assets	1,486	-	-	-	1,486
Stadium advance	-	-	-	-	-
New Zealand Local Government Funding Agency Limited borrower notes	-	-	-	-	-
Bank bonds / notes	-	-	-	-	-
<b>Total assets</b>	<b>1,486</b>	<b>-</b>	<b>36,507</b>	<b>-</b>	<b>37,993</b>
<b>30 June 2012</b>					
Cash at bank and term deposits	-	-	47,669	-	47,669
Debtors and other receivables	-	-	30,889	-	30,889
Derivative financial instrument assets	839	-	-	-	839
Stadium advance	-	2,249	-	-	2,249
New Zealand Local Government Funding Agency Limited borrower notes	-	-	-	800	800
Bank bonds / notes	-	-	-	33,000	33,000
<b>Total assets</b>	<b>839</b>	<b>2,249</b>	<b>78,558</b>	<b>33,800</b>	<b>115,446</b>
<b>Group</b>					
<b>30 June 2013</b>					
Cash at bank and term deposits	-	-	9,119	-	9,119
Debtors and other receivables	-	-	37,051	-	37,051
Derivative financial instrument assets	839	-	-	-	839
Stadium advance	-	-	-	-	-
New Zealand Local Government Funding Agency Limited borrower notes	-	-	-	-	-
Bank bonds / notes	-	-	-	-	-
<b>Total assets</b>	<b>839</b>	<b>-</b>	<b>46,170</b>	<b>-</b>	<b>47,009</b>
<b>30 June 2012</b>					
Cash at bank and term deposits	-	-	48,385	-	48,385
Debtors and other receivables	-	-	36,004	-	36,004
Derivative financial instrument assets	839	-	-	-	839
Stadium advance	-	2,249	-	-	2,249
New Zealand Local Government Funding Agency Limited borrower notes	-	-	-	800	800
Bank bonds / notes	-	-	-	33,000	33,000
<b>Total assets</b>	<b>839</b>	<b>2,249</b>	<b>84,389</b>	<b>33,800</b>	<b>121,277</b>

## 29 Financial risk management (continued)

### (e) Financial instruments by category(continued)

Liabilities	Liabilities at fair value through surplus or deficit \$'000	Measured at amortised cost \$'000	Total \$'000
<b>Council</b>			
<b>30 June 2013</b>			
Trade and other payables	-	19,402	19,402
Crown loans	-	19,494	19,494
Commercial paper	-	18,868	18,868
Bank loans	-	6,000	6,000
Fixed rate bonds	-	25,000	25,000
Floating rate notes	-	100,000	100,000
Derivative financial instrument liabilities	5,562	-	5,562
Total liabilities	<u>5,562</u>	<u>188,764</u>	<u>194,326</u>
<b>30 June 2012</b>			
Trade and other payables	-	59,400	59,400
Crown loans	-	18,050	18,050
Commercial paper	-	9,441	9,441
Bank loans	-	-	-
Fixed rate bonds	-	25,000	25,000
Floating rate notes	-	75,000	75,000
Derivative financial instrument liabilities	9,285	-	9,285
Total liabilities	<u>9,285</u>	<u>186,891</u>	<u>196,176</u>
<b>Group</b>			
<b>30 June 2013</b>			
Trade and other payables	-	28,475	28,475
Crown loans	-	19,494	19,494
Commercial paper	-	18,868	18,868
Bank loans	-	160,845	160,845
Fixed rate bonds	-	25,000	25,000
Floating rate notes	-	100,000	100,000
Derivative financial instrument liabilities	15,967	-	15,967
Total liabilities	<u>15,967</u>	<u>352,682</u>	<u>368,649</u>
<b>30 June 2012</b>			
Trade and other payables	-	66,571	66,571
Crown loans	-	18,050	18,050
Commercial paper	-	10,164	10,164
Bank loans	-	149,383	149,383
Fixed rate bonds	-	25,000	25,000
Floating rate notes	-	75,000	75,000
Derivative financial instrument liabilities	25,528	-	25,528
Total liabilities	<u>25,528</u>	<u>344,168</u>	<u>369,696</u>

### 30 Contingencies

	Council		Group	
	Actual 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Actual 2012 \$'000
Legal proceedings and obligations	479	524	479	524
Uncalled shares in Wellington Coldstore Limited	-	-	-	200
<b>Uncalled capital - WRC Holdings Limited</b>				
50,000,000 \$1 shares uncalled and unpaid	50,000	50,000	-	-
22,170,000 \$1 shares, called and paid to 90.8 cents per share (Uncalled 9.2 cents)	-	2,040	-	-
8,000,000 \$1 shares uncalled and unpaid	-	8,000	-	-
8,000,000 \$1 shares, called and paid to 70.0 cents per share (Uncalled 30.0cents)	2,400	-	-	-
170,200,000 \$1 shares, 893,000 shares called and paid	169,307	-	-	-
Guarantee for CentrePort debt obligations	125,000	125,000	-	-
<b>New Zealand Local Government Funding Agency Limited</b>				
2,000,000 \$1 shares uncalled and unpaid	1,866	2,000	1,866	2,000
<b>Total contingencies</b>	<b>349,052</b>	<b>187,564</b>	<b>2,345</b>	<b>2,724</b>

Greater Wellington is a founding shareholder of the New Zealand Local Government Funding Agency Limited (LGFA). As part of the arrangement Greater Wellington has guaranteed the debt obligations of the LGFA along with other shareholders of the LGFA in proportion to its level of rates revenue. Greater Wellington believes the risk of this guarantee being called on is extremely low, given the internal liquidity arrangements of the LGFA, the lending covenants of the LGFA and the charge over rates the LGFA has from councils.

### 31 Related party transactions

#### Identity of related parties

The Group has related-party relationships with its subsidiaries (see Note 22), Councillors, Directors and executive leadership team. During the year, key management personnel, as part of normal customer relationships, were involved in arms-length transactions with Greater Wellington, such as rates payments.

Council committees include key members from many local and central government entities. Greater Wellington enters into transactions with these entities on an "arm's length" basis. Those transactions that occur within a normal supplier or client relationship on terms and conditions no more or less favourable than those which it is reasonable to expect Greater Wellington would have adopted if dealing with that entity at arm's length in the same circumstances are not disclosed separately.

Greater Wellington owns 100% of the shares in WRC Holdings Limited and indirectly 76.9% of the shares of CentrePort Limited. Councillors F Wilde, P Lamason, P Glensor, N Wilson are directors of WRC Holdings Limited, Pringle House Limited, Port Investments Limited, Greater Wellington Rail Limited, Greater Wellington Transport Limited and Greater Wellington Infrastructure Limited.

Greater Wellington owns 100% of the shares in Grow Wellington Limited. The Directors of Grow Wellington Limited are P Mersi, A Crofoot, B Brook, D McCarthy, K Fifield, P Robertson, R Taulelei and R Stone.

Councillor F Wilde is married to the Chief Executive of Landcorp Farming Limited with whom Grow Wellington has transactions on an "arms-length" basis.

Councillor P Glensor is Chair of Hutt Valley District Health Board.

Councillor J Aitken is a Board Member of Capital Coast Health.

Councillor P Lamason is part owner of Kent Filter Services Ltd.

Councillor B Donaldson is a Board Member of Capital Coast Health.



### 31 Related party transactions (continued)

All transactions with related parties have been carried out on normal commercial terms. Significant transactions during the year included:

	<b>Council</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CentrePort Wellington Group</b>		
Income from use of navigational facilities and services	620	760
Income from Debt Guarantee	377	493
Expense for rental and services	(77)	(123)
<b>WRC Holdings Group (Excluding CentrePort)</b>		
Income from management services provided	2,664	647
Income from subvention payment	2,002	1,801
Income from dividends	2	2,257
Expense for rent of the Regional Council Centre	(1,672)	(1,672)
Expense for interest on inter company current account	(118)	(113)
<b>Grow Wellington Limited</b>		
Income from management services	20	-
Grants	(3,803)	(4,390)
<b>Hutt Valley District Health Board</b>		
Income / (Expenses) for services	2	2
<b>Wellington Waterfront Ltd</b>		
Resource consent fees	3	1
<b>Landcorp Farming</b>		
Income for rates and services	90	103
<b>Key management personnel</b>		
Key management personnel include the Councillors, Chief Executive and eight members of the Executive Leadership Team.		
Short-term employee benefits	<b>2,763</b>	2,957
Post-employee benefits	<b>73</b>	62

No provision has been required, nor any expense recognised, for impairment of receivables for any loans or other receivables to related parties (2012 nil).

## 32 Remuneration

### Chief Executive remuneration

For the year ending 30 June 2013, Greater Wellington Regional Council's Chief Executive, appointed under section 42(1) of the Local Government Act 2002, received a total remuneration from Greater Wellington Regional Council of \$327,077 (plus \$54,000 CentrePort Director's fees paid directly to the Chief Executive from CentrePort).

In 2012 the Director's fees were received by Greater Wellington Regional Council and were included in the Chief Executive's total remuneration of \$369,247 from Greater Wellington Regional Council. These changes were made for tax purposes. The Chief Executive was re-appointed on 2 May 2012.

	<b>Actual 2013 \$</b>	<b>Actual 2012 \$</b>
<b>Councillor Remuneration</b>		
Councillor J Aitken	63,691	65,818
Councillor J Brash	54,995	55,091
Councillor P Bruce	54,682	54,711
Councillor B Donaldson	75,500	75,729
Councillor P Glensor	79,929	80,018
Councillor S Greig	55,471	55,195
Councillor C Laidlaw	73,788	74,947
Councillor P Lamason	55,319	55,429
Councillor G McPhee	59,384	58,240
Councillor D Ponter	55,254	54,740
Councillor P Swain	54,682	54,740
Chair F Wilde	168,917	164,779
Councillor N Wilson	80,642	77,097

### 32 Remuneration (continued)

#### Employee Remuneration

The number of employees, including employees on maternity leave and their fixed term replacements who received remuneration during the year.

	Number of employees	
	2013	2012
\$60,000 and below	123	132
\$60,001 - \$79,999	162	153
\$80,000 - \$99,999	112	83
\$100,000 - \$119,999	40	27
\$120,000 - \$139,999	8	13
\$140,000 - \$159,999	23	20
\$180,000 - \$199,999	9	10
\$220,000 - \$339,999*	8	6
Total Employees	<b>485</b>	444
Full Time Employees	<b>437</b>	394
FTE Non Full Time	<b>29</b>	33
Less than \$60,000 Total Remuneration	<b>156</b>	159

A full time employee or full time equivalent is based on a 40 hour week.

Total annual remuneration has been calculated to include any non-financial benefits and other payments in excess of normal remuneration such as employer Kiwisaver contribution.

The difference in staff numbers between 2012 and 2013 includes staff transferred to Greater Wellington Regional Council as a result of the creation of a single regional Civil Defence and Emergency Management entity, 10 additional staff temporarily employed to cover for staff on parental leave and the creation of 10 new permanent positions.

\* If the number of employees for any band was 5 or less then it has been combined with the next highest band. Excluding the Chief Executive, the top band range is \$220,000 - \$259,999.

### 33 Capital commitments and operating leases

	Council		Group	
	Actual 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Actual 2012 \$'000
<b>Capital commitments</b>				
Capital expenditure contracted for at balance date but not yet completed	6,637	6,561	192,697	51,795

#### Operating leases as lessee

Future minimum lease payments under non-cancellable operating leases as at 30 June are as follows:

	Council		Group	
	Actual 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Actual 2012 \$'000
<b>Minimum operating lease payments payable:</b>				
Within one year	1,028	1,619	2,719	3,320
After one year but no more than five years	5,049	6,477	10,833	12,667
More than five years	1,646	3,238	3,396	6,273
<b>Total operating lease commitments – lessee</b>	<b>7,723</b>	<b>11,334</b>	<b>16,948</b>	<b>22,260</b>

Operating lease commitments is for rental for space in the Regional Council Centre. This rental is paid to a subsidiary Pringle House Limited. These leases have an average life of between 1 and 10 years with some renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

During the year \$1,672,000 was recognised as an expense in the Statement of Comprehensive Income (2012 \$1,672,000). Contingent rent was not paid (2012 nil).

#### Transport and other commitments

Future minimum contract payments under non-cancellable transport contracts as at 30 June are as follows:

	Council		Group	
	Actual 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Actual 2012 \$'000
<b>Minimum operating lease payments receivable:</b>				
Within one year	39,130	34,849	39,130	34,849
After one year but no more than five years	103,489	94,822	103,489	94,822
More than five years	801,555	38,985	801,555	38,985
<b>Total transport and operator commitments - lessee</b>	<b>944,174</b>	<b>168,656</b>	<b>944,174</b>	<b>168,656</b>

#### Operating lease commitments – lessor

The Group leases its investment properties under operating leases. The lease terms have non-cancellable terms from 1-4 years. The future aggregated minimum lease payments to be collected under non-cancellable operating leases are as follows:

### 33 Capital commitments and operating leases (continued)

	Council		Group	
	Actual 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Actual 2012 \$'000
Within one year	1,123	862	4,988	21,358
After one year but no more than five years	3,105	2,443	9,563	58,829
More than five years	9,327	7,239	18,304	53,744
<b>Total operating lease commitments – lessor</b>	<b>13,555</b>	<b>10,544</b>	<b>32,855</b>	<b>133,931</b>

No contingent rents have been recognised in the statement of comprehensive income during the period.

### 34 Discontinued operations

On 9 September 2011, CentrePort executed an agreement with the Accident Compensation Corporation to sell an interest in three investment properties. The properties were transferred into three investment vehicles wholly owned by the Group on 9 September 2011. Subsequently the Directors elected to early adopt NZ IFRS 10 Consolidated Financial Statements and as a result the three investment vehicles are accounted for as joint ventures using the equity method of accounting (refer Notes 1 Critical Accounting Estimates and Judgments and Basis of Consolidation). Accordingly, the discontinued operations relate to all revenue earned and expenses incurred in relation to these assets prior to execution date. The 2011 Group comparatives have been restated to comply with this treatment.

	Council		Group	
	Actual 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Actual 2012 \$'000
Rental and Associated Income	-	-	-	2,950
Expenses				
Utilities	-	-	-	(23)
Insurance & Rates	-	-	-	(506)
Other Operating Expenses	-	-	-	(95)
Profit / (Loss) Before Interest and Tax	-	-	-	2,326
Interest expense	-	-	-	(1,821)
Interest capitalised	-	-	-	-
Profit / (Loss) Before Tax	-	-	-	505
Attributable Income Tax Expense / (Benefit)	-	-	-	(141)
<b>Surplus from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>364</b>
<b>Cash Flows</b>				
Cash Flows from Operating Activities	-	-	-	506
Cash Flows from Investing Activities	-	-	-	-
Cash Flows from Financing Activities	-	-	-	-
<b>Net Cash Flows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>506</b>

### 35 Severance payments

There were 4 employees (2012 two) who received total severance payments of \$6,908, \$3,628, \$32,200, and \$57,102 (2012 \$27,960 and \$26,094). This disclosure has been made in accordance with Section 19 of schedule 10 of the Local Government Act 2002.

### 36 Major variances between actual and budget

Statement of comprehensive income	Council Actual 2013 \$'000	Council Budget 2013 \$'000
<b>Revenue</b>		
Grants and subsidies	57,482	60,962
Transport Improvement Grants	14,007	16,538
Total grant revenue	<u>71,489</u>	<u>77,500</u>
Other revenue	29,265	27,799
<b>Expenditure</b>		
Finance Costs	(7,925)	(8,173)
<b>Other Comprehensive income</b>	-	-
Increases / (decreases) in revaluations	<u>111,102</u>	<u>-</u>
 <b>Statement of financial position</b>		
 Assets		
Investment in subsidiaries	68,514	80,142
Property, plant and equipment	826,611	688,442
Liabilities		
Interest bearing liabilities	<u>169,362</u>	<u>182,247</u>
 <b>Statement of cash flows</b>		
Net increase (decrease) in cash, cash equivalents and bank overdraft	<u>(39,334)</u>	<u>6,532</u>

\* certain budget comparatives have been reclassified to aid comparability

#### Significant components of this variance are:

##### 1. Grants and subsidies - Revenue and expenditure

"Greater Wellington's net operating surplus for the 2012/13 year before fair value gains and losses and transport improvements was \$9.614 million, compared with a budgeted deficit of \$3.652 million. Including the transport improvements, fair value movements and tax the net surplus was \$352,000, which is \$12.3 million ahead of budget. In other comprehensive income, the five yearly revaluation of the Water and parks assets increased their value by \$111 million, which was a larger increase than expected over this time."

Greater Wellington receives grant revenue to fund various transport programmes and projects. Revenue is only received when expenditure is incurred and grant revenue is \$6.3 million lower due to the lower transport expenditure including:

- Lower expenditure for purchase of Matangi trains of \$2.6 million due to a revised payment schedule.
- Lower expenditure on the Wellington Depot upgrades, \$1.3 million. This work is expected to be completed in 2013/14.
- Lower trolley bus infrastructure renewals expenditure \$3.4 million. This work is currently being reviewed.
- Lower rail contract expenditure of \$5.5m because of higher than budgeted fare revenue and savings in rail operating costs.
- Lower diesel bus operations expenditure of \$1.1m as contractual inflation payments have been lower than expected.

- Lower expenditure on rail contracting. This expenditure has been delayed but will be required prior to the expiry of the current contracts in June 2016

Grant revenue for the Wairarapa Water Use Project was reclassified from Capital expenditure to Operational expenditure, \$0.4 million

## **. 2. Other Revenue**

Interest revenue from investments was \$1.3 million higher due to higher cash balances being held at the end of last year for the Matangi 1 project.

## **3. Finance Costs**

Finance costs were lower than budget due to the lower level of capital expenditure compared to budget and favourable interest rates.

## **4. Asset Revaluations**

Asset revaluations are typically done every five years and the revaluation of Water, parks and forests assets resulted in an \$111 million increase in the value of these assets. This was larger than expected which emphasises the on going financial challenge of building and replacing key infrastructure for the region.

## **5. Cash and cash equivalents and other financial assets**

Cash and other financial deposits held at balance date is lower than budget by \$38.3 million, this is due to the prefunding balances held for the Matangi 1 project at the end of last year were utilised during the year and some cash contingency funds being placed on a longer term deposit than last year end.

## **6. Investment in subsidiaries**

Council share of the new rail rolling stock and is funded by way of share capital in Greater Wellington Rail Limited. The timing of the expenditure on the Matangi trains is different to budget noted above. This movement for the year is attributed solely to share capital called of \$8.9 million compared to a budget of \$14.9 million.

## **7. Property, plant and equipment – capital expenditure**

Delays in the land purchase for the 3rd Water Supply lake, budgeted at \$4 million, were offset by \$2.5m expenditure on the Boulcott / Hutt stop bank which was brought forward from 2013/14. Overall capital expenditure was \$27 million.

## **8. Property, plant and equipment valuation**

The revaluation of the water parks and forests infrastructure assets added \$111 million to the value of these assets.

## **9. Debt**

Debt is \$10 million below budget, primarily due to the lower level of capital expenditure compared to budget and utilising prefunded cash balances for last year end to fund the Matangi rolling stock owned by Greater Wellington Rail Limited.

## **37 Events occurring after the balance date**

On 10 August 2012 Regional Council Centre was declared earthquake-prone in terms of the Building Act 2004 by the Wellington City Council. Council is considering its options with regard to the building. There are no other subsequent events.

## **GWRC activities**

For each GWRC activity the actual achievement is compared to the performance targets as set out in the Long Term Plan 2012-22 (which incorporates the Annual Plan 2012/13).

A funding-impact statement is also included, showing the operating surplus or deficit and capital expenditure for the year, as well as how that expenditure was funded.

Any remaining funding surplus after reserve transfers is used to repay debt in accordance with GWRC's policy.



## Regional leadership

GWRC coordinates regional leadership activities in partnership with other local authorities on a range of issues including economic development, transport, and civil defence and emergency management. We involve tangata whenua and the community in our decision making. We also lead regional initiatives that provide significant benefits to the regional community.

### Activities

This group of activities includes:

- Wellington Regional Strategy
- Emergency management
- Democratic services
- Relationships with Māori
- Regional transport planning and programmes
- Regional initiatives.

### Our regional leadership activities contribute towards:

- A **strong economy** by developing region-wide strategies and funding programmes to help the region realise its economic potential
- A **resilient community** by ensuring the region is ready to effectively respond to and recover from major emergency events, such as earthquakes
- A **connected community** by developing plans to meet the region's transport needs, informing the community about the range of transport options available and supporting the availability of ultra-fast broadband
- **Quality of life** by providing opportunities for residents to engage in our activities and participate in decision making, including our tangata whenua iwi partners

Implementation of the Wellington Regional Strategy is progressing through partnerships with the other councils in the region. Grow Wellington, the region's economic development agency, has refocused its activities to reflect the Strategy's change in focus in 2011/12. It is now delivering a programme that promotes four of the focus areas of the strategy:

- commercialisation of innovation
- investment mechanisms for growth
- attracting business, investment and talent
- education and workforce development.

The Wellington Regional Strategy Office sits within GWRC and coordinates work in the other two focus areas: 'building world class infrastructure' and 'open for business'. The Office has also been monitoring the health of the region's economy and reporting back to councils in the region and the Wellington Regional Strategy Committee.

The new Wellington Region Emergency Management Office (WREMO) commenced business on 2 July 2012. During the first year of operation WREMO, along with partner organisations, responded to 4 regional and

local events including the most significant storm to hit the region in several decades. WREMO, in conjunction with support partners and with community input through consultation, produced the new generation Group Plan (a legislated strategic level document), a functional Business Plan, the WREMO Annual Plan plus a key companion document, the Community Resilience Strategy. In support of this Strategy, the Office:

- supported the successful Wellington City Council application to become one of ten recognised cities globally to participate in the UN Habitat City Resilience Profiling Programme. This programme develops tools to assist local government measure and increase their resilience to natural hazards.
- successfully partnered with the Joint Centre for Disaster Research at Massey University for Wellington to be designated one of five International Centres of Excellence under the United Nations International Strategy for Disaster Reduction, specifically focusing on Community Resilience;
- in association with partner councils, was awarded three international awards from the International Association of Emergency Managers, two for the Blue Line project and the most recent for the CDEM Volunteer Programme, which won the 2013 “Partners in Preparedness” Oceania award;
- went to market to develop a quality Emergency Rain Water Tank at an affordable price, which was released in July 2013. This first public private partnership initiative for the Emergency Management sector built on the success of the Grab and Go bag.
- In addition to the above, the Wellington Region was No 1 in the country for participation in NZ Shakeout, the MCDEM sponsored earthquake awareness campaign, while three of our territorial authorities, Wellington City, Hutt City and Masterton District were in the top five throughout the country.

GWRC provided advisory and secretariat services to the Council, committees and advisory groups. Key areas of advice related to the review of the Council’s representation arrangements, proposed changes to legislation governing local authority activities and elections, and the Remuneration Authority’s proposals in relation to remuneration setting for local authority elected members.

GWRC completed a major feasibility study looking at the best future options for public transport through central Wellington City in the medium-to-long term. This was a joint study with the NZ Transport Agency and Wellington City Council. The outcomes of the study are currently the subject of public consultation. The decision on the preferred option will provide an opportunity for the region to put in place a programme to enable a transition to a high quality, high frequency future public transport system.

Significant projects have been run over the year to encourage safe and sustainable transport. Children have been the focus of safe scooter and cycle skills training programmes. A successful motorcycling skills campaign has been developed aimed at people returning to, or taking up, motorcycling, and the region’s carpooling programme has been rolled out nationally. GWRC’s Active A2b programme, aimed at getting people to move from driving to more active and sustainable modes of transport to and from work, attracted nearly 1200 participants.

In the Wairarapa Water Use Project (WWUP), the number of water storage site options have been narrowed from over 200 down to nine, mostly on privately-owned land. The sites, outlined in the Scheme Options Identification and Analysis Report completed in March, are in the south Martinborough, White Rock Road, Mangatarere, Black Creek, Kiriwhakapapa, Te Mara, Te Ore Ore, Dorsets Road and Mauriceville West areas. Report recommendations were endorsed by the WWUP Stakeholder Advisory Group. Unscheduled work then commenced on the Options Refinement phase investigations to provide a greater level of

confidence as to which possible water storage sites should be selected to proceed through to the pre-feasibility stage. The Options Refinement investigations are scheduled for completion in August 2013.

## Performance against specific areas of work

Specific areas of work for 2012/13	Performance
<b>Wellington Regional Strategy</b>	
Prepare and adopt a programme of activity for WRS implementation	The WRS Implementation Plan was approved by the WRS Committee in February 2013.
Manage and lead key projects relating to the Open for Business and Building World Class Economic Infrastructure focus areas	The WRS Office leads work on these focus areas. The programme of work is on-going.
Monitor Grow Wellington, in conjunction with the WRS Committee, to ensure the Annual Report reflects its Statement of Intent and contributes to the WRS	The Grow Wellington Annual Report was adopted by the Board of Grow Wellington, and reviewed and accepted by the WRS Committee.
<b>Emergency management</b>	
Establish Wellington Region CDEM Group	The new Wellington Region Emergency Management Office commenced business on 2 July 2012.
Review and adopt Wellington Region CDEM Group Plan	The new generation plan was approved on 28 June 2013.
<b>Democratic services</b>	
Continue to manage Council and committee meetings and advisory groups	Democratic services provided advisory and administrative services to 77 meetings.
Conduct representation review	A representation review was conducted and the Local Government Commission issued its determination on 19 November 2012.
<b>Relationship with Maori</b>	
Review Charter of Understanding to form a Memorandum of Partnership	A Memorandum of Partnership between GWRC and iwi was signed on 26 March 2013.
Deliver Maori capacity training to Council and staff	Te Ara Matua capacity training has commenced.
Develop terms of reference for Ara Tahi, including a reporting system	Terms of reference for Ara Tahi were developed as part of the Memorandum of Partnership.
Develop an operational forum as a liaison channel between Ara Tahi and GRWC	A kaitaki forum was established.
<b>Regional transport planning and programmes</b>	
Complete the Wellington Public Transport Spine Feasibility Study	The PT Spine Study was completed.
Review the existing transport plans through the development of a regional transport network plan	Development of the new integrated regional land transport plan is underway.

Continue to roll out sustainable transport programmes	<p>Programmes are on track with progress reported to the Regional Transport Committee.</p> <p>Active a2b attracted 1170 participants from 81 workplaces</p> <p>Kiwi Carpool Week attracted 123 new registrations. The average monthly registration is 11. Cycling trips in the Active a2b Plus group increased by 5 percentage points (from 9% to 14%). Car trips for the Active a2b Plus group decreased significantly from 79% to 63%.</p>
---	--

### Achievement against performance targets

Level of service	Performance measure	Performance targets		
		Baseline	2012/13 Target	2012/13 Actual
<b>Wellington Regional Strategy</b>				
Promote economic growth in the region through: <ul style="list-style-type: none"> <li>• Grow Wellington</li> <li>• WRS Office</li> <li>• WRS Committee</li> </ul>	Percentage of GDP spent on research and development	1.50% (Average 2005-10)	1.55%	1.99% (2012)
	Percentage of workforce employed in highly skilled occupations	10.4% <sup>4</sup> (2010)	10.5%	11.3% (2012)
	GDP per capita	\$49,375 (2010) <sup>5</sup>	\$50,363 <sup>6</sup>	\$47,790 (2012)
<b>Emergency Management</b>				
Work with the regional community to improve resilience to and preparedness for major emergency events	Percentage of households with emergency food and water to last three days	72% of households surveyed have emergency food and water for three days (2010)	75%	81%  17% of residents do not have emergency supplies available and 2% were unable to answer <sup>6</sup>
	That the Wellington Region CDEM Group Plan is reviewed and	The CDEM Group Plan became	Review CDEM Group Plan	New generation plan approved 28

<sup>4</sup> Baseline and targets have changed from the LTP 2012-22 due to a different categorisation of workforce occupations in the survey.

<sup>5</sup> Historic baseline and target has been adjusted to most recent year dollar values – i.e. 2010 baseline has been updated to 2012 dollar value.

<sup>6</sup> In an independent survey of residents of greater Wellington carried out for GWRC in June 2013

	kept up to date	operative in 2005		June 2013
--	-----------------	-------------------	--	-----------

<b>Democratic Services</b>				
Provide information to enable the public to be informed of, and participate in, Council and committee meetings	Percentage of time meeting agenda is available to the public at least two working days prior to each meeting	100% (2010/11)	100%	100%
	Percentage of residents satisfied that they have had an opportunity to participate in decision making	New measure	Establish a baseline	18% of residents rate satisfaction 8-10/10 45% of residents rate satisfaction 5-7/10 33% of residents rate satisfaction 1-4/10 4% of residents were unsure how to rate
<b>Relationships with Māori</b>				
Provide opportunities for tangata whenua to be actively involved in decision making	Percentage of tangata whenua committee members satisfied that tangata whenua are recognised and involved in the decision making process	New measure	90%	All respondents (100%) in a survey of committee members (90% response rate) reported they are satisfied that they are recognised and involved in the decision making process.
<b>Regional transport planning and programmes</b>				
Provide an up-to-date policy framework to guide investment in the region's land transport network	That the Regional Land Transport Strategy is reviewed, adopted and monitored	Regional Land Transport Strategy adopted 2010	Undertake transport perceptions survey	Transport perceptions survey completed in August 2012.
Coordinate and deliver programmes which promote and encourage sustainable and	Percentage of stakeholders and partners who rate coordination services and resources satisfactory or higher	New measure	85%	89.7%

safe transport choices	Number of total annual visitors to selected GWRC sustainable transport web pages	New measure	Increase on previous year	4200 <sup>7</sup>
	Mode shift in workplace and school travel plan programmes	New measure	Programme participants increase their use of sustainable transport modes <sup>8</sup>	3% increase in active mode travel <sup>9</sup> to school and 3% decrease in travel to school by car for primary and intermediate age children.  Cycling trips for the Active a2b Plus group increased from 9% to 14%. Car trips for the Active a2b Plus group decreased from 79% to 63%.
<b>Regional initiatives</b>				
Work with partners to investigate options for water storage and water use such as irrigation in the Wairarapa valley (WWUP)	Scheme Options Identification and Analysis investigations & report.	New measure	Scheme Options Identification and Analysis investigations & report completed. <sup>10</sup>	Scheme Options Identification and Analysis investigations & report completed.  Options Refinement investigations are approximately 50% completed
Provide funding assistance for home insulation through the Warm Greater Wellington scheme	Number of applications to join the Warm Greater Wellington scheme	2000 (2010/11)	2300	2486

<sup>7</sup> A comparison with the previous year could not be made due to a new website becoming operational. This year's data will be a baseline for future years.

<sup>8</sup> Sustainable transport modes include all active modes, public transport and carpooling

<sup>9</sup> Active mode travel is defined as modes which involve physical activity – e.g. walking, using a wheelchair, cycling, scooting

<sup>10</sup> WWUP targets were incorrectly populated in the LTP 2012-22 – the correct 2012/13 target was left out and other targets were populated a year early. The Pre-Feasibility Study forecast for 2012/13 should have been 2013/14, however due to the new Options Refinement Investigations completions of this study is now scheduled for late 2014.



## **Unforecast activity:**

An Independent Local Government Review Panel was established by the Porirua City Council and GWRC to investigate local government reform in the Wellington region. It presented its final report to the Councils on 30 October 2012. Based on the Panel's findings further work was undertaken by a Working Party (with membership from GWRC, Porirua City Council, Kapiti Coast District Council and Wellington City Council). The future arrangements for local government in Wellington were investigated and two possible models for change consulted on (along with the status quo). Following consultation, a preferred model was developed and on 12 June 2013, GWRC resolved to submit an application to the Local Government Commission for a unitary authority with local boards for the Wellington region, including Wairarapa. An application was prepared and submitted to the Local Government Commission.

WWUP - The Options Refinement phase investigations work was unscheduled but has been included with the endorsement of the WWUP Stakeholder Advisory Group and the Leadership Group to provide a greater level of confidence as to which possible water storage sites should be selected to proceed through to the pre-feasibility stage. The Options Refinement investigations are scheduled for completion in August 2013.

# Funding impact statement

## REGIONAL LEADERSHIP PROSPECTIVE FUNDING IMPACT STATEMENT FOR THE YEAR ENDING 30 JUNE 2013

	2012/13 Actual \$000s	2012/13 Budget \$000s		2012/13 Actual \$000s	2012/13 Budget \$000s
<b>Sources of operating funding</b>			<b>Operating funding</b>		
General rate	5,956	5,956	Wellington Regional Strategy	4,668	4,668
Targeted rates	5,763	5,922	Emergency Management	3,207	4,504
Subsidies and grants for operating purposes	1,729	1,100	Democratic Services	2,536	2,537
Fees, charges, and targeted rates for water supply	3	3	Relationships with Maori	895	895
Fines, infringement fees, and other receipts <sup>1</sup>	3,013	4,661	Regional transport planning and programmes	2,893	2,711
<b>Total operating funding</b>	<b>16,464</b>	<b>17,642</b>	Regional initiatives <sup>1</sup>	2,265	2,327
<b>Applications of operating funding</b>			<b>Total operating funding *</b>	<b>16,464</b>	<b>17,642</b>
Payments to staff and suppliers	13,807	16,673			
Finance costs	780	873	<b>Applications of operating funding</b>		
Internal charges and overheads applied	678	678	Wellington Regional Strategy	4,047	4,668
<b>Total applications of operating funding</b>	<b>15,265</b>	<b>18,224</b>	Emergency Management	2,759	4,474
<b>Surplus/(deficit) of operating funding</b>	<b>1,199</b>	<b>(582)</b>	Democratic Services	2,443	2,415
			Relationships with Maori	895	895
<b>Sources of capital funding</b>			Regional transport planning and programmes	2,866	2,820
Subsidies and grants for capital expenditure	52	764	Regional initiatives <sup>1</sup>	2,255	2,952
Increase / (decrease) in debt	3,895	5,511	<b>Total applications of operating funding</b>	<b>15,265</b>	<b>18,224</b>
Gross proceeds from asset sales	34	-			
<b>Total sources of capital funding</b>	<b>3,981</b>	<b>6,275</b>	<b>Capital expenditure</b>		
			Capital project expenditure	597	870
<b>Applications of capital funding</b>			Land and buildings	-	-
- to meet additional demand	597	625	Plant and equipment	92	62
- to improve the level of service	92	245	Vehicles	171	-
- to replace existing assets	171	62	<b>Total capital expenditure</b>	<b>860</b>	<b>932</b>
Increase / (decrease) in investments	3,453	4,864			
Increase / (decrease) in reserves	867	(103)			
<b>Total applications of capital funding</b>	<b>5,180</b>	<b>5,693</b>			
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>			
<b>Depreciation on Regional Leadership assets</b>	<b>389</b>	<b>360</b>			

<sup>1</sup> This includes revenue from the territorial authorities to fund the amalgamated regional emergency management group

\* Some budget numbers have been reclassified to aid comparability

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations

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 LTP 2012-22

All figures on this page exclude GST

## Public transport

GWRC is responsible for planning and funding the Metlink public transport network. We contract companies to run the train, bus and harbour ferry services on our behalf. We also own and maintain parts of the network, including trains and railway stations. We provide customer information about Metlink services and run the Total Mobility scheme for people with disabilities.

### Activities

This group of activities includes:

- Metlink public transport network planning
- Rail operations and asset management
- Bus and ferry operations and asset management
- Metlink customer services and information
- Total Mobility

### Our public transport activities contribute towards:

- A **connected community** by providing a mass transit system that moves people efficiently and relieves congestion from our roads at peak times and by providing an essential service for people for whom, whether by choice or circumstance, private vehicle travel is not an option
- A **strong economy** by enhancing the efficient movement of people and goods within the region
- A **healthy environment** by reducing vehicle emissions from private vehicles

Highlights for the 2012/13 year include:

- 1.1 million bus, rail, and ferry services were delivered, with a total of 35.2 million passenger trips
- We continued to fund the Total Mobility Scheme which provides subsidised transport for people with disabilities, with 256,000 total mobility trips in 2012/13
- Work continued on the implementation of Public Transport Operating Model (PTOM), which will involve developing new contracts for all public transport services in Wellington. Legislation providing for the new model was passed by Parliament in June 2013, and procurement guidelines are being developed by the NZ Transport Agency.
- Wellington City Bus Review continued with further meetings with resident and stakeholder groups on the review on draft timetables for the proposed new network
- All 48 of the new 2-car Matangi trains were in operational service
- A contract was signed for the delivery of a further 35 2-car Matangi trains, including upgrades to the existing Matangi fleet
- As part of the modernisation of the rail fleet, the sale of the Ganz Mavag fleet was agreed, and all English Electrics disposed of (sold, donated, and scrapped)
- The conversion of six SE carriages for use on the Wairarapa line was completed in order for the carriages to enter service in July 2013

- GWRC secured access to the regional rail network with the signing of an 85 year track access agreement with KiwiRail
- GWRC completed the purchase of NZ Transport Agency land at Porirua for 'park and ride'
- The noise of the new train fleet on the Johnsonville line impacted on nearby residents. Friction modification was applied to the line, wheel dampers trialled on the Matangi trains, and noise monitoring machine installed. However, significant variation in noise levels is still being experienced and work is continuing. Two public meetings were held to discuss progress with affected residents.
- The old Tawa Station building was demolished, and a new station was constructed and opened
- Improvements continued at rail stations and carparks, with projects completed at Wellington, Linden, Woburn, Ava, Woodside, Heretaunga, Wingate, Woburn, Paekakariki, and Carterton Station
- A new cycle cage was installed at the Wellington Railway Station, and 15 new or replacement bus shelters were installed
- A new rail asset management plan was produced
- The first annual Metropolitan Rail Report was produced
- The rollout of real-time information system for bus services was completed, with information available through on-street platform display signs, on mobile phones and the internet. Electronic signs are operating on rail stations, and they will be showing real time later in 2013
- Initial public consultation was undertaken to develop a new public transport fare structure, and the Council agreed on its preferred future fare structure for future consultation
- There were almost 1.5 million visits to the Metlink mobile website, a 177% increase on 2011/12.

### Performance against specific areas of work

Specific areas of work for 2012/13	Performance
<b>Plan the Metlink public transport network</b>	
Review Metlink services in Eastbourne, Wainuiomata, Lower Hutt and Upper Hutt, including east-west connection to Porirua	The project brief was approved by the Economic Wellbeing Committee at their meeting of 18 April 2013. The review is expected to be completed by the end of 2013/14.
Review Metlink services in Wellington city	Following community workshops in November 2012, feedback was noted and work began on timetable formulation. These draft timetables were then taken back to resident groups and other stakeholders for comment during May and June 2013.  Operational implementation will occur as part of the introduction of new PTOM contracts in 12-24 months' time.
Review Metlink fares structure (types of fare)	Initial public feedback on options for the future fare structure was received during August and September 2012, and analysis of the feedback has

	been completed and reported to the Economic Wellbeing Committee in October 2012. Further analysis and modelling was undertaken, and a preferred Fare Structure was adopted by Council in June 2013. This will now be the subject of further analysis and public consultation through the review of the Regional Public Transport Plan and the integrated fares and ticketing project.
Review and amend the Regional Public Transport Plan	Amendments to the legislation governing the RPTP were delayed until June 2013, and the amendments to the RPTP will therefore also be delayed until 2013/14. GWRC is participating in NZTA's review of the RPTP guidelines to reflect the new legislation.
Carry out a review of fare levels	In June the GWRC approved a 2.5% increase for most fare products in order to achieve a 2% increase in fare revenue. The increase will occur on 1 October 2013, subject to the completion of commercial negotiations with operators.
Investigate electronic integrated ticketing	The investigation has commenced, with terms of reference and governance structures for the investigation of integrated fares and ticketing agreed with NZTA.
<b>Rail operations and asset management</b>	
Commission and introduce the new Matangi trains	All 48 of the new 2-car Matangi units are now in service
Maintain and improve rail assets, including trains and station buildings	An asset management plan covering the life cycle for all rail assets has been developed and is being implemented. The maintenance of the assets is driven off the agreed levels of service within the AMP. The first year of the renewals and minor improvements programme has been completed and the second year of the programme is underway.
Modify six SE cars so they can be used on the Wairarapa Line	The conversion of the SE carriages for use on the Wairarapa line has been completed.
<b>Bus and ferry operations and asset management</b>	
Implement the new Public Transport Operating Model (PTOM) for the procurement of bus services	GWRC has been participating in the PTOM Implementation Advisory Group, which is facilitated by NZTA. Membership of the group consists of Ministry of Transport, NZTA, Bus & Coach Association, and a number of regional councils.  The advisory group enables the interests of all parties to be expressed and considered as

	<p>operational policy is developed. NZTA released its proposed changes to its Procurement Manual and new operational policy to support the implementation of PTOM in April for comment.</p> <p>GWRC's provided a comprehensive submission to NZTA on the proposed Manual changes and as such NZTA has requested that we continue to work with them as they work towards finalisation of the Manual.</p> <p>Work has begun on project documentation for the implementation of PTOM across the Wellington region. As PTOM relates to all modes of public transport (bus/rail/ferry) the documentation has been extended to reflect this.</p>
<p>Maintain and improve bus shelters, signage and other fixed assets</p>	<p>A new cleaning and maintenance contract has been tendered and a preferred supplier was selected (Directionz Ltd). The contract commenced on 1 May 2013 and provides a consistent level of service across the region for bus stop assets (excluding WCC shelters).</p> <p>A new bus stop asset prioritisation tool is being developed to help with what stops get new shelters and other assets.</p> <p>A consultant has been engaged to undertake a data collection and asset condition assessment. This work began in February 2013 and was completed by end July 2013.</p>
<p><b>Metlink customer services and information</b></p>	
<p>Complete the rollout of the real-time information (RTI) system for bus and train services</p>	<p>Deployment of RTI on region's bus services has been completed, and the street display sign installation programme largely completed (171 display signs commissioned), with the exception of the Wellington CBD displays and four additional display sign installations.</p> <p>Improvements have been made to the interface between Metlink systems and RTI to remove manual processes for schedule data export and management of schedule variations.</p> <p>Significant progress has been made on rail RTI including the commencement of an equipment fitting programme for the remaining sector of train fleet, development of a required systems interface and scoping of operational business process changes. Station RTI display sign installation</p>

	programme (60 display signs) completed. The roll out of rail RTI will be complete in 2013.
Continue to provide information on Metlink services through a call centre, timetable production, website and twitter	Metlink continues to provide information to the public via the Metlink service centre, a website, mobile website, twitter and the production of paper timetables, which are distributed via a number of outlets.
Conduct the public transport customer satisfaction monitor	The annual public customer satisfaction monitor was undertaken in the last quarter of the 2012/13 financial year. The monitor showed a significant increase in overall satisfaction for train users.

## Achievement against performance targets

Level of service	Performance measure	Performance targets		
		Baseline	2012/13 Target	2012/13 Actual
<b>Plan the Metlink public transport network</b>				
Prepare and review the Regional Public Transport Plan	Regional Public Transport Plan reviewed and adopted in accordance with the Public Transport Management Act 2008	Regional Public Transport Plan adopted November 2011	Regional Public Transport Plan amended as necessary to incorporate the new Public Transport Operating Model, the Wellington City Bus Review and the LTP 2012-22	Changes to the legislation governing the Regional Public Transport Plan were finalised late in the financial year, and therefore the amendments to the Plan have been delayed until 2013/14.
<b>Rail operations and asset management</b>				
Deliver rail services in accordance with the published timetable	Percentage of scheduled services delivered	99.1% (Sep 2011)	99.3%	99.2% A number of services were cancelled due to the June 2013 storm which caused significant damage to the Ngauranga-Petone seawall. All Hutt Line services were cancelled for 6-7 days while repairs were carried out. Good service delivery throughout the rest of the year minimised the slippage against the target.
	Percentage of scheduled services on-time to 5 minutes by line	Kapiti Line 90% <sup>11</sup> Hutt Line 90% <sup>12</sup> Johnsonville Line 95% <sup>12</sup>	Increase on baseline Increase on baseline Maintain baseline	94.8% 96.2% 92.2% Johnsonville line performance was adversely affected by the

<sup>11</sup> Actual performance data is provided by the rail operator. When real-time information is fully introduced these targets may need to be revised



		Wairarapa Line 80% <sup>12</sup> (Nov 2011)	Increase on baseline	<p>introduction of a number of track side mitigations to reduce the wheel-rail interface noise. Flange lubrication and friction modifier solutions that were applied to the track caused traction problems and delayed trains. Speed restrictions due to heat buckling of the track caused by high summer temperatures during a particularly long hot summer had a disproportionately higher impact on the Johnsonville Line due to the nature of the track geometry and formation. After much testing adjustments have been made and performance is now improving.</p> <p>77.9%</p> <p>The Wairarapa Line was disproportionately affected by speed restrictions caused by the long hot summer as well as the introduction of longer trains to help deal with capacity constraints. Measures have been taken,</p>
--	--	--	----------------------	---

				including the introduction of new carriages and performance is now improving.
Maintain and improve rail rolling stock, stations, over-bridges, subways and carparks in accordance with rail asset management plans	The percentage of the required fleet that is available to operate scheduled services <sup>12</sup>	99.0% (2011/12)	To improve on the baseline by 0.1% (to 99.1% for 2012/13)	99.2%
	Average condition rating for buildings and structures (1 = very good and 5 = very poor)	3.0	2.9	2.9
	Average condition rating for carparks (1 = very good and 5 = very poor)	2.9	2.7	2.7

<sup>12</sup> This measure was incorrectly stated in the Long-Term Plan 2012-22 as 'Percentage of fleet available for service', baseline 86% and target 88%. The restated measure provides improved clarity of the intended result.

<b>Bus and ferry operations and asset management</b>				
Deliver bus and ferry services in accordance with the published timetable	Percentage of scheduled services delivered <sup>13</sup>	99.0% (Sep 2011)	≥ 99%	99.4%
	Percentage of scheduled services on-time to 10 minutes	99.8% (Sep 2011) <sup>14</sup>	≥98%	99.9%
Maintain and improve bus stop facilities and interchanges	The average condition score of all bus shelters where GWRC is responsible for funding the maintenance. <sup>15</sup>  (1 = very good and 5 = very poor)	2.8 <sup>16</sup>	Improve the average condition rating score	2.8
Improve the quality and accessibility of the bus fleet	Compliance with NZTA requirements for urban buses	All buses entering service in the region meet NZTA requirements (Nov 2011)	All bus operating contracts varied to comply with NZTA requirements for urban buses	The variation process and negotiations with bus operators commenced May 2013 and is expected to be completed by the end of September 2013

<sup>13</sup> Services which run 10 minutes or more late are deemed as not run and are included in this measure.

<sup>14</sup> Actual performance data is provided by bus and ferry operators. When real-time information is fully introduced these targets may need to be revised.

<sup>15</sup> This measure was incorrectly stated in the Long-Term Plan 2012-22 as 'Average condition score for bus shelters owned by GWRC, baseline 2.0 and target 2.0. The restated measure provides improved clarity of the intended result.

<sup>16</sup> A more accurate asset condition survey was undertaken during the year which gave an asset condition of 2.8. This has been used as the restated baseline because there has been little change to the asset condition over the year.

<b>Metlink customer services and information</b>				
Provide public transport services information to the public	Percentage of residents who rate the service they receive from the Metlink call centre as excellent or very good	78% (2011)	84%	81%  Although there was an increase in satisfaction of 3% from the baseline, the target was not met.  There were a number of significant disruptions to public transport in the year that would have accounted for callers experiencing longer hold times and a possible lack of information as events unfolded.
	Number of visits to the Metlink website	1.8 million (2010/11)	2 million	2.8 million
	Number of visits to the Metlink mobile site	143,000 (2010/11)	300,000	1.5 million
Provide a real-time information system	Percentage of bus and train services tracked by real-time information where the system has been deployed	85 % (2011)	87%	74%  The percentage of tracked services was affected by system problems relating to changes in timetables and bus fleets. A performance improvement programme has been put in place.
<b>Total Mobility</b>				
Provide a subsidised taxi service for those members of the	Percentage of scheme users who rate the overall service of the scheme as good or	97% (2011)	≥97%	99%

public unable to use buses or trains	better			
	Average time to process an application to join the scheme	15 working days (2010/11)	15 working days	<p>Data not yet available.</p> <p>A report from the Total Mobility Electronic System that calculates the average time it takes to process an application will be investigated in September 2013.</p>

# Funding impact statement

## PUBLIC TRANSPORT FUNDING IMPACT STATEMENT FOR THE YEAR ENDING 30 JUNE 2013

	2012/13	2012/13		2012/13	2012/13
	Actual	Budget		Actual	Budget
	\$000s	\$000s		\$000s	\$000s
<b>Sources of operating funding</b>			<b>Operating funding</b>		
General rate	-	-	Metlink public transport network planning	1,276	1,593
Targeted rates	47,512	47,512	Rail operations and asset management	65,329	67,459
Subsidies and grants for operating purposes	68,589	74,046	Bus and ferry operations and asset management	46,278	48,677
Fees, charges, and targeted rates for water supply	-	-	Metlink customer services and information	3,450	3,361
Fines, infringement fees, and other receipts <sup>1</sup>	2,895	2,231	Total mobility	2,663	2,699
<b>Total operating funding</b>	<b>118,996</b>	<b>123,789</b>	<b>Total operating funding</b>	<b>118,996</b>	<b>123,789</b>
<b>Applications of operating funding</b>			<b>Applications of operating funding</b>		
Payments to staff and suppliers	126,478	144,066	Metlink public transport network planning	975	1,593
Finance costs	4,019	4,127	Rail operations and asset management	45,469	53,031
Internal charges and overheads applied	3,277	3,277	Bus and ferry operations and asset management	46,194	47,731
<b>Total applications of operating funding</b>	<b>133,774</b>	<b>151,470</b>	Metlink customer services and information	3,403	3,274
<b>Surplus/(deficit) of operating funding</b>	<b>(14,778)</b>	<b>(27,681)</b>	Total mobility	2,618	2,668
<b>Sources of capital funding</b>			<b>Total applications of operating funding (excluding improvements)</b>		
Subsidies and grants for capital expenditure	1,579	1,382		<b>98,659</b>	<b>108,297</b>
Increase / (decrease) in debt	17,544	25,272	<b>Improvement Expenditure</b>		
Gross proceeds from asset sales	400	10	Rail operations and asset management	33,902	38,572
<b>Total sources of capital funding</b>	<b>19,523</b>	<b>26,664</b>	Bus and ferry operations and asset management	1,213	4,601
<b>Applications of capital funding</b>			<b>Total improvement expenditure</b>	35,115	43,173
- to meet additional demand	-	-	<b>Total applications of operating funding (including improvements)</b>	<b>133,774</b>	<b>151,470</b>
- to improve the level of service	886	1,619	<b>Net surplus/(deficit) of operating funding</b>	<b>(14,778)</b>	<b>(27,681)</b>
- to replace existing assets	1,824	382	<b>Capital project expenditure</b>		
Increase / (decrease) in investments	-	-	New public transport shelters, signage, pedestrian facilities and systems	1,105	1,969
Increase / (decrease) in reserves	2,035	(3,018)	Land and buildings	1,605	-
<b>Total applications of capital funding</b>	<b>4,745</b>	<b>(1,017)</b>	Plant and equipment	-	-
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	Vehicles	-	32
<b>Depreciation on Public Transport assets</b>	<b>194</b>	<b>913</b>	<b>Total capital expenditure</b>	<b>2,710</b>	<b>2,001</b>

1 This includes revenue from Greater Wellington Rail Limited for services provided to manage the rail assets

2 Greater Wellington fully funds some public transport improvement expenditure at the time the expense is incurred, and recovers a share of the debt servicing costs from the New Zealand Transport Agency. This expenditure is treated as operational expenditure in Greater Wellington's accounts as the underlying assets will mostly be owned by the Greater Wellington subsidiary Greater Wellington Rail Limited. This has the effect of creating an operational deficit which is funded by debt in accordance with Greater Wellington's Revenue and Financing policy.

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 LTP 2012-22

All figures on this page exclude GST

# Water supply

GWRC is responsible for collecting, treating and distributing drinking water to Wellington City Council, Hutt City Council, Upper Hutt City Council and Porirua City Council for their supply to consumers.

## Activities

This group of activities includes:

- Water quality – ensuring safe high quality water
- Water availability – a secure reliable water supply
- Sustainability – planning for future demand and being cost effective while meeting all relevant environmental and health and safety standards

## Our water supply activities contribute towards:

- A **strong economy** by ensuring there is sufficient drinking water available to sustain and grow our population and support our economy.
- A **resilient community** by preparing the system to cope with emergencies and the long-term impacts of climate change.
- A **healthy environment** by encouraging people to use water wisely to reduce the environmental impacts, and protecting current and future water catchments.
- Achieving **quality of life** by ensuring that drinking water meets Ministry of Health requirements.

The past year has seen strong progress and many achievements in continuing to deliver a high-quality water supply. The threat of a serious water shortage gained headlines and public attention from late February. The cause was summer's record-breaking dry spell in our water catchments while one of our storage lakes was empty for earthquake-strengthening. The upgrading of both lakes is almost finished and the storage capacity has been increased by 13% so a repeat of the water restrictions is much less likely.

Water use between December and February was already amongst the lowest seen in over 25 years, and public response to the raised threat of a shortage was outstanding, with our call in March to reduce usage to "winter" levels more-than met. Overall, water use during 2012/13 hit its lowest level in over 25 years. Average daily supply was 136 million litres (ML), 1.8% less than a year earlier.

Our project to improve the resilience of water storage lakes against earthquake damage and to increase their capacity is almost complete. A 2008 review of the seismic performance of the lakes led to a two part upgrade project: one to increase the capacity of the lakes by 400 million litres; and the other to upgrade their seismic strength. Lake Two was seismically upgraded and its capacity increased during 2012. It was re-commissioned last November. Lake One was drained in December 2012 with work commencing in January 2013 and we expect that Lake One will be back in service in November 2013.

Another notable step towards improving resilience was the completion of an options study for providing a "survival" level of water after a major earthquake. This saw GWRC approve investigation of a potential emergency water storage site near the Wellington-Porirua boundary. A new proposal, a pipeline that would cross the harbour from Seaview to Wellington city is also being considered.

Water use has decreased in each of the last seven years, and this trend is one of several factors behind GWRC deciding to update its water supply development strategy, which will be consulted on as part of the Long-Term Plan 2015-25 process. Our latest forecasts show a new water source will be needed by 2019/20, but this could be delayed if future changes in population, water availability and usage are collectively favourable. We are pursuing a flexible strategy that should give the community options in the scale, cost and location of a new water source, whenever that becomes needed. To that end, we have identified a

block of land at Kaitoke that could be utilised for off-river storage. In December 2012, following completion of feasibility studies, the Council decided to proceed with negotiations with AgResearch Ltd to purchase land at Kaitoke for future water supply development purposes. The Council signed a memorandum of understanding with AgResearch Ltd in 2010 that provided the option to purchase AgResearch's Kaitoke Farm, subject to investigations into the feasibility of constructing one or more water storage lakes on the property.

The quality of water supplied to the region's cities was again amongst the best in the country. We met or exceeded the requirements of the drinking-water standards and maintained the highest possible grading for each of our treatment plants.

The effectiveness of our performance received strong independent endorsement. This year, we sought a performance assessment of our Water Supply activities based on the NZ Treasury's six guiding principles for infrastructure management. This included comparison with nine other council water operators from across New Zealand. Overall, the results placed us joint-best performing.

Finally, our Water Supply team won a New Zealand Engineering Excellence Award for our part in developing a ground-breaking chemical process for water treatment, which has helped to cut chemical costs by almost 25%, as well as reducing chemical use and waste volumes. Com::pass is a software system that predicts the optimum amount of treatment chemical needed for effective water treatment on a continuous basis.

### Performance against specific areas of work

Specific areas of work for 2012/13	Performance
Renew and improve water supply infrastructure, including improvement of earthquake resilience	Assets have been replaced/improved as set out in the capital expenditure programme.
Increase the water storage capacity of the Stuart Macaskill Lakes	Works to increase the lakes' storage capacity by 13% is due to be finished in August 2013.
Earthquake-strengthen the Stuart Macaskill Lakes	Works to increase the lakes' storage capacity, by 13%, is due to be finished in August 2013. Lake filling is expected to take 6-10 weeks, depending on rainfall and river conditions.
Confirm preferred option for a significant new water storage facility	Current modelling shows that new capacity is not needed until at least 2019/20, although several factors could affect that assessment, positively or negatively, in the intervening years. GWRC now sees a significant advantage in keeping a range of development scenarios open, without committing to a single project or timing, for as long as possible. A dam on the Whakatikei River remains an option. Negotiations are underway to buy land that could provide for up to three new storage lakes near Kaitoke and would give choice in the scale, cost and location of the next major source.
Investigate options for an interim solution to increase capacity	Current modelling shows that new capacity is not needed until at least 2019/20. \$10M has been provided in GWRC's Long-term Plan (2012-22) between 2017 and 2020 for a minor increase in water-supply capacity. A change to the amount of water allocated for public supply from existing sources would represent the most cost-effective



	way to achieve this. GWRC is currently reviewing the Regional Freshwater Plan, and developing a model for enhanced community participation. Our Water Supply group is engaged with this review process.
--	---

### Achievement against performance targets

Level of service	Performance measure	Performance targets		
		Baseline	2012/13 Target	2012/13 Actual
Provide water that is safe and pleasant to drink	Number of waterborne disease outbreaks	0 (2010/11)	0	0
	Number of taste complaint events related to the bulk water supply	0 (2010/11)	0	0
	Percentage compliance with the Drinking Water Standards of New Zealand <sup>17</sup>	Microbiological and aesthetic compliance – 100% Chemical compliance – 100% (2010/11)	Microbiological and aesthetic compliance – 100% Chemical compliance – 100%	Microbiological and aesthetic compliance – 100% Chemical compliance – 100%
	Treatment plant and distribution system grading	Te Marua, Wainuiomata & Gear Island treatment plants – A1 Waterloo treatment plant – B Distribution system – A1 (2010/11)	Maintain current grading	Current grading maintained
Provide a continuous and secure water supply	Number of shut-offs of the bulk water supply network resulting in loss of water or pressure to consumers	0 (2010/11)	0	0
	Improve the resilience of the bulk	Resilience projects completed in	Establish a methodology for	A methodology to assess

<sup>17</sup> The GWRC Long-term Plan 2012-22 incorrectly identified 85% chemical compliance baseline (2010/11) and 90% compliance 2012/13 target. Both the baseline (2010/11) and target for 2012/13 have been 100%. The 85% baseline refers to fluoride within the range recommended by the Ministry of Health for drinking-water in NZ (0.7-1.0 mg/L). Compliance with the Drinking-water standards is assessed against the maximum acceptable value for fluoride, of 1.5 mg/L

	water supply to catastrophic events such as earthquakes	2010/11 included: <ul style="list-style-type: none"> <li>• Aro Tunnel improvements</li> <li>• Gear Island valve chamber improvements</li> <li>• Emergency supply point in Khandallah</li> <li>• New connection in Ngaio</li> <li>• Changing the management of pipe stock</li> </ul>	assessing improvements to the resilience of the bulk water supply	projects based on their contribution to increasing the resilience of the network has been developed
Ensure that water supply infrastructure is adequate to meet future needs while minimising environmental impacts	Modelled probability of annual water supply shortfall	1.5% (2011/12 forecast)	No greater than 2%	1.5%
	Compliance with environmental regulations	Full compliance (2010/11)	Full compliance	One minor technical non-compliance due to late submission of photographic evidence for a discharge consent

## Unforecast activity

Extra spending on water management communications (\$106,000).

This summer's drought and reduced storage in our Stuart Macaskill lakes during strengthening works resulted in a need to manage water demand intensively during March and early April, to ensure that limited supplies would continue to be enough to meet essential water needs. This involved extra spending on advertising.

By late February, water use was averaging almost 160 million litres per day (ML/day). Forecasting showed we could supply at that level for about five weeks without further rainfall, but after that the operational storage lake would be near-empty and supply capability would fall to roughly 100 ML/day which would have required very tough restrictions.

A sprinkler ban (9 March) saw average water use fall 8%, to 146 ML/day. Once the outdoor water-use ban was adopted (16 March), we set a 'winter' water use target of no-more-than 130 ML/day. Actual water use between 16 March and 8 April (the last day of the ban) averaged 125 ML/day. This level of demand was met comfortably from available supplies.

Water Supply has a 'dry year' advertising reserve of \$80,000. Funds from this budget were committed progressively to advertising the water shortage risk, water use restrictions and conservation tips from late

February as part of a wider communications plan, following which an unbudgeted advertising spend of \$26,000 was also approved.

**Funding impact statement**

## FINANCIAL INFORMATION

### WATER SUPPLY

#### PROSPECTIVE FUNDING IMPACT STATEMENT FOR THE YEAR ENDING 30 JUNE 2013

	2012/13 Actual \$000s	2012/13 Budget \$000s		2012/13 Actual \$000s	2012/13 Budget \$000s
<b>Sources of operating funding</b>			<b>Operating funding</b>		
General rate	-	-	Water Supply	26,166	26,734
Targeted rates	-	-			
Subsidies and grants for operating purposes	-	-			
Interest and dividends from investments	-	-			
Fees, charges, and targeted rates for water supply	-	-			
Fines, infringement fees, and other receipts <sup>1</sup>	26,166	26,734			
<b>Total operating funding</b>	<b>26,166</b>	<b>26,734</b>	<b>Total operating funding</b>	<b>26,166</b>	<b>26,734</b>
<b>Applications of operating funding</b>			<b>Applications of operating funding</b>		
Payments to staff and suppliers	15,802	17,889	Water Supply	20,761	23,321
Finance costs	3,586	4,059			
Internal charges and overheads applied	1,373	1,373			
<b>Total applications of operating funding</b>	<b>20,761</b>	<b>23,321</b>	<b>Total applications of operating funding</b>	<b>20,761</b>	<b>23,321</b>
<b>Surplus/(deficit) of operating funding</b>	<b>5,405</b>	<b>3,413</b>			
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-			
Increase / (decrease) in debt	5,413	12,109			
Gross proceeds from asset sales	72	115	<b>Total applications of operating funding</b>	<b>20,761</b>	<b>23,321</b>
<b>Total sources of capital funding</b>	<b>5,485</b>	<b>12,224</b>			
<b>Applications of capital funding</b>			<b>Capital expenditure</b>		
- to meet additional demand	1,556	5,500	Water sources	1634	5530
- to improve the level of service	5,587	5,716	Water treatment plants	816	860
- to replace existing assets	2,705	3,691	Pipelines	1928	1980
Increase / (decrease) in investments	1,107	946	Pump stations	417	505
Increase / (decrease) in reserves	(65)	(216)	Reservoirs	59	0
<b>Total applications of capital funding</b>	<b>10,890</b>	<b>15,637</b>	Monitoring and control	909	980
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	Seismic protection	2221	2900
<b>Depreciation on Water assets</b>	<b>8,254</b>	<b>8,185</b>	Energy	242	160
			Other	1256	1551
			Land and buildings	0	0
			Plant and equipment	74	81
			Vehicles	292	360
			<b>Total capital expenditure</b>	<b>9,848</b>	<b>14,907</b>

<sup>1</sup> This includes revenue from the Animal Health Board, sales of trees and rental income

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations

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 LTP 2012-22

All figures on this page exclude GST

# Environment

GWRC is responsible for regulating the use of the region's natural resources. We do this through regional policies, plans and resource consents, helping the community to manage and restore ecosystems, and manage land sustainably. We monitor and report on the state of the environment, manage environmental threats like pest plants and animals, and provide a 24-hour pollution response service. We also look after the region's harbours.

## Activities

This group of activities includes:

- Resource management
- Land management
- Biodiversity management
- Pest management
- Harbour management

## Our environment activities contribute towards:

A **healthy environment** by:

- regulating and monitoring the use and development of the environment to ensure that our natural and physical resources are managed sustainably
- working with the community on initiatives to protect and restore the environment such as pest management and planting
- advising landowners and businesses on practices that reduce the environmental impact of their activities

A **strong economy** by:

- working with landowners to enhance the prosperity and security of the farming sector through developing plans to prevent soil erosion and managing pests that threaten farm productivity, including working to eradicate bovine Tb
- supporting commercial shipping by monitoring commercial ships arriving and departing from Wellington and providing navigational aids in our harbour. Having adequately-resourced response and contingency planning in place ensures that any environmental disruptions to commercial shipping are minimised

A significant number of achievements occurred across a range of environmental activities in 2012/13. Key achievements included:

- responding to 1052 environmental incidents, processing 437 consents and undertaking inspections on 2200 consents
- laying 38 charges for significant breaches of resource consents or our regional plans, and issuing 53 infringement notices and 61 abatement notices
- focusing on rural sector engagement for both regulatory and non-regulatory approaches to on-farm management
- undertaking region-wide local council engagement on waste water and storm water consenting and compliance performance

- completing a review of GWRC Resource Management Charging Policy, including establishing a new regime for State of the Environment monitoring charging
- implementing the GWRC Biodiversity Strategy by undertaking pest control in 140 Biodiversity Management Areas to control threats to ecological health
- preparing 10 year biodiversity management plans for six regional parks
- implementing the Wellington Regional Erosion Control Initiative, including preparation of 15 new property plans and planting over 9,000 poplar and willow poles
- planting a further 401 hectares of forestry on erosion prone soils under the Afforestation Grants Scheme
- preparing a further 10 10-year Farm Environment Plans in the Mangatarere and Mangaone Catchments with the aim of enhancing water quality and biodiversity
- completing the Regional Possum / Predator Control Programme in Kapiti, Porirua and Northern Wairarapa over 27,800 hectares
- completing possum control over 84,600 hectares under the National Bovine Tb Pest Management Strategy

Excellent progress continues to be made implementing the Regional Pest Management Strategy. The number of pest plant species eradicated from the region continues to expand. Our investment in bio-control agents continues to have a positive impact on reducing the vigour of pest species, whilst reducing our reliance on chemical control methods.

During 2012/13, GWRC became part of the lower North Island partnership with the Department of Conservation, Horizons Regional Council and Hawkes Bay Regional Council, under the banner 'Nature Central'. The partnership aims to identify opportunities where collaboration will lead to improved operational efficiencies and outcomes. In 2012/13, the partnership was active in the following areas in our region:

- Project Aorangi – Haumanu Kia Haumako – a pest management and biodiversity enhancement operation in South Wairarapa;
- Pukaha Mt Bruce – a pest management programme to protect the National Wildlife Centre in North Wairarapa;
- GWRC Regional Parks / DoC Forest Parks – an initiative to consider opportunities for integration and resource sharing, and
- considering opportunities for shared research and staff training.

### Performance against specific areas of work

Specific areas of work for 2012/13	Performance
<b>Resource Management</b>	
Review of the regional plans	Regional Plan Review progressed during the year with the various approval processes via Te Upoko Taiao and Council.
Guidelines for assessing water takes	Guidelines were completed and produced for consent holders and GWRC staff in the 2011/12 year.
Customer satisfaction survey (undertaken every four	Customer satisfaction survey completed in the

years for applicants, consent holders and incident notifiers)	2011/12 year.
Study of hydrology and nutrient status of Lake Wairarapa and environs (Wairarapa Moana) to aid decisions on water allocation and intervention measures	Monitoring of the nutrient status is now entering its second year. Inflowing streams have been assessed over a winter and summer period and this will inform the nutrient model for the lake. A water balance model has been developed but will require further gaugings to calibrate and reduce the uncertainty for management purposes. Information is currently being used to assist in management responses.
Development of earthworks site scoring system to assist with compliance	The site scoring system was developed as a pilot in the 2011/12 year, and embedded in 2012/13. We have conducted a review of the system involving the earthworks contracting and consulting sector, and GWRC staff. The uptake by the sector and overall feedback has been excellent – highlighting the scoring system’s simplicity, clarity and consistency of application.
Development of compliance strategies for dairy farm effluent, water management and earthworks	Strategies are in place for dairy farm effluent management and water management. A strategy is still being developed for earthworks in the coming year. To inform our higher level compliance strategy, research into over-arching compliance strategies in place through the regional sector will take place in the coming year.
Consenting for major RoNS projects, including Transmission Gully, MacKays to Peka Peka, Otaki to Levin, Wellington Airport to Mt Victoria, Basin Reserve, Terrace Tunnel	Board of Inquiry (BOI) consenting processes completed for Transmission Gully and Mackays to Peka Peka in 2012/13 (GWRC lodged cross-council submissions on both applications), and a BOI process has started for Peka Peka to Otaki (currently in the lead up to the hearing). Applications also lodged with the EPA for the Basin Bridge, expected to be notified in mid-August. Implementation of the Transmission Gully consents – post decision – has commenced with baseline monitoring work.
Porirua Harbour monitoring programme	The third annual Porirua Harbour and Catchment Science Workshop was convened at GWRC in early May. An initiative linked with the harbour’s Strategy and Action Plan launched in April 2012, the presentations and discussion centred around the modelling of catchment sediment inputs to the harbour and prioritising research and monitoring needs related to sedimentation over the coming year. Attendees included scientists from NIWA and Wriggle Coastal Management plus representatives from across GWRC, Porirua City Council and Wellington City Council.



	Associated with assessing harbour sediment inputs, a continuous turbidity sensor was installed in the lower reaches of the Pauatahanui Stream, completing the planned installation of turbidity sensors in the streams of the three largest catchments (the other two streams being Porirua and Horikiri streams). Water samples will be collected at these sites over the coming two to three years and tested for suspended sediment content to calibrate the sensors and calculate sediment yields for these catchments.
<b>Land Management</b>	
Implement the Wellington Regional Erosion Control Initiative	The Wellington Regional Erosion Control Initiative has completed its fourth year of operation. Thirty seven properties have completed works programmes and fifteen new Plans have been prepared this year.
Implement annual works programme on erosion-prone land within Property and Sustainability Plans	Annual works programmes have been implemented on 121 Property and Sustainability Plans.
Implement Land and Environment Plans	Ten landowners have had Farm Environment Plans prepared for their properties in the Mangatarere and Mangaone catchments, and a range of nutrient management options identified for implementation.
Complete annual works programmes for each of the Catchment Control Schemes	Annual works programmes approved by local advisory committees have been implemented across all six Catchment Control Schemes.
<b>Biodiversity Management</b>	
Implement the Key Native Ecosystems Programme	140 sites were managed to protect their indigenous biodiversity values across the region.
Monitor high value biodiversity sites	A suite of reference sites were monitored for the effectiveness of management.
Provide advice in planning and regulatory services to protect biodiversity	Advice regarding biodiversity and ecosystem management was provided on GWRC and external policy and planning documents.
<b>Pest Management</b>	
Carry out Regional Possum Predator Control Programme	Control was completed in the North Wairarapa RPPCP area over 15,500 ha and implemented in the Kapiti and Porirua districts over 12,300 ha.
Carry out Regional Pest Management Strategy	The core of the RPMS programme was delivered according to the RPMS Operational Plan. Some planned work, including rabbit RHD blood sampling and delimiting surveys of surveillance species, was deferred to 2013/14.
<b>Harbour Management</b>	
Operate Beacon Hill Signal Station and maintain navigational aids	The signal station operated and navigational aids were maintained.

Provide a response to harbour and coastal marine oil spills	Harbour oil spills were responded to. There were no coastal oil spills.
---	---

## Achievement against performance targets

Level of service	Performance measure	Performance targets		
		Baseline	2012/13 Target	2012/13 Actual
<b>Resource Management</b>				
Provide an up-to-date policy framework to manage the region's natural and physical resources	That the Regional Policy Statement is reviewed and adopted	The Regional Policy Statement was approved by the Council in May 2010 and is subject to a number of appeals	Resolve appeals on the Regional Policy Statement	All appeals resolved by December 2012. The Regional Policy Statement was made operative in April 2013.
	That regional plans are reviewed and adopted	Review of regional plans has been underway since 2009	Review of regional plans continues	Regional Plan review continues. Expect draft in 2014.
Process resource consents in a timely manner	Percentage of resource consents <sup>18</sup> processed within 20 working days <sup>19</sup>	98% (2010/11)	100%	99%  Three consents processed over statutory timeframes due to inadequate use of available systems in each case.
Monitor and enforce compliance with regional plans and resource consents	Percentage of monitoring inspections completed for resource consents with individual monitoring programmes.	98% (2010/11)	100%	100%  2200 consents inspected
	Percentage of environmental incidents reported to the 24-hour incident response service investigated in accordance with legal timeframes <sup>20</sup> for enforcement	68% (2010/11)	100%	99%  1041 of 1052 incidents investigated in accordance with statutory timeframes partly due to bedding in the first year of this process, and specifically operating our entire investigations process, as well as some inadequate management of

<sup>18</sup> Non-notified resource consents – in 2010/11 95.77% of resource consents we processed were non-notified

<sup>19</sup> Working days as defined by the Resource Management Act 1991

<sup>20</sup> The timeframe for infringement notices is four months, the timeframe for charges laid in District Court is six months

				investigation timeframes. We are developing improved systems to enable staff to track the progress of environmental incidents.
Provide information to the community on the state of the region's environment	Number of state of the environment report cards downloaded on the GWRC website	1929 (2010/11)	Increase on previous year	1324  The reduced number of downloads were due to delays in reporting, thus reducing ability to access report cards on the website.
<b>Land Management</b>				
Work with landowners to sustainably manage erosion-prone land	Percentage of erosion-prone land covered by a Farm Plan	72% (2010/11)	74%	76.4% of erosion-prone land is covered by a Farm Plan.  3 new Plans completed.
	Hectares of erosion-prone land planted	432 hectares (2010/11)	400 hectares	702.6 hectares of erosion-prone land were planted on Farm Plans, including 401.6 hectares planted under the Afforestation Grant Scheme programme
Work with landowners to sustainably manage nutrient and sediment discharges on a catchment basis	Number of Land and Environment plans prepared	This is a new level of service	10 per annum	10 landowners have had Farm Environments Plans prepared for their properties.
<b>Biodiversity Management</b>				
Work with the regional community to improve the	Total number of identified high value biodiversity sites (excluding streams and	106 (2011/12)	106	140

region's indigenous biodiversity	marine sites) under active management <sup>21</sup>			
<b>Pest Management</b>				
Work with landowners to reduce the impact of pest animals and plants within the region	Number of active pest plant "Total Control" sites <sup>22</sup>	890 (2010/11)	Decrease on previous year	The overall number of active sites decreased by 53.  Delimiting surveys of Total Control species discovered 40 new sites. During the year 64 sites changed status from Active to Monitored (5 years with no plants found) and further 29 sites changed from Monitored to Eradicated (9 years with no plants found).
	Number of rabbits in the region	Low  No areas persistently recording above 5 on the Modified McLean Scale <sup>23</sup> (2010/11)	Low  (<5 on the Modified McLean Scale)	Low  Annual surveys of rabbit prone land in the region found no areas exceeding the performance target. Annual night counts have shown rabbits to still be at low levels, although a slight increase in the Kapiti Coast compared to 2011/12.
	Number of possums in the Regional Possum Predator Control Programme area	Low  Less than 5% Residual Trap Catch <sup>24</sup> (2010/11)	Low  (<5% Residual Trap Catch)	Due to the low numbers of possums noted in most areas, monitoring was deferred to 2013/14.
<b>Harbour Management</b>				

<sup>21</sup> Active management means that work programmes such as fencing and pest control are in place to address key threats to ecological health and that the effectiveness of these programmes is monitored across a representative range of ecosystem types.

<sup>22</sup> Active Total Control sites are sites that have living Total Control species pest plants or have had living plants within the past five years. A list of Total Control species pest plants can be found in the Regional Pest Management Strategy.

<sup>23</sup> Modified McLean's scale provides an index from 1-8 of rabbit density based on the amount of fresh rabbit faecal pellets present on the ground and the numbers of rabbits seen

<sup>24</sup> Relative possum population density is measured using Residual Trap Catch index (RTC) calculated as a numbers of possums caught per 100 trap nights

<p>Provide safe and competent maritime management for commercial and recreational users of our region's waters</p>	<p>That Beacon Hill Communications station is staffed and operational 24 hours a day, seven days a week</p>	<p>100% (2010/11)</p>	<p>100%</p>	<p>100%</p> <p>The station has withstood all severe weather throughout the year without disruption. There are some issues with the main radar in certain conditions, however this is covered by the backup unit and we are in discussions with the supplier on a long term solution.</p>
	<p>That all navigational aids are working, 24 hours a day, seven days a week</p>	<p>All navigation aids were working 24 hours, seven days a week, except for when a replacement part was required for the Porirua Inner Channel marker (2010/11)</p>	<p>100%</p>	<p>Two Category 2 lights had lower operations due to damage from June 20 storm (Barrett Reef buoy 98.9% and Island Bay 94%). Repairs to Barrett Reef buoy were delayed due to weather conditions and the Island Bay leads are powered by the street light supply that was delayed in being repaired.</p> <p>All other navigation aids met operational reliability targets.</p>
	<p>Percentage of reports of unsafe boating incidents investigated</p>	<p>90% (2010/11)</p>	<p>100%</p>	<p>100%</p> <p>Our summer rangers and regular staff were proactive over the long summer, in following up reported incidents as well as educating water users. Maritime Police were very active in relation to our Navigation &amp; Safety Bylaws this</p>

				summer.
	Percentage of harbour oil spills responded to within 30 minutes and clean up started within one hour	100% (2010/11)	100%	100%
	Percentage of coastal oil spills responded to within 30 minutes and clean up started within 3 hours	100% (2010/11)	100%	100%  No coastal oil spills reported.

### Unforecast Activity:

#### Harbour Management

Severe weather events caused disruption during the first part of this winter; this has caused some disruption to some of our navigation aids as well as to the commercial port operations. The new more powerful port tugs have proved their worth in these conditions.

# Funding impact statement

## ENVIRONMENT PROSPECTIVE FUNDING IMPACT STATEMENT FOR THE YEAR ENDING 30 JUNE 2013

	2012/13 Actual \$000s	2012/13 Budget \$000s		2012/13 Actual \$000s	2012/13 Budget \$000s
<b>Sources of operating funding</b>			<b>Operating funding</b>		
General rate	19,432	19,432	Resource management	11,453	11,280
Targeted rates	545	545	Land management	3,872	3,774
Subsidies and grants for operating purposes	141	208	Biodiversity management	4,674	4,703
Fees, charges, and targeted rates for water supply	2,920	2,802	Pest management	5,242	5,103
Fines, infringement fees, and other receipts <sup>1</sup>	4,286	3,949	Harbour management	2,083	2,076
<b>Total operating funding</b>	<b>27,324</b>	<b>26,936</b>	<b>Total operating funding</b>	<b>27,324</b>	<b>26,936</b>
<b>Applications of operating funding</b>			<b>Applications of operating funding</b>		
Payments to staff and suppliers	25,117	24,933	Resource management	11,559	10,954
Finance costs	88	94	Land management	3,838	3,682
Internal charges and overheads applied	1,581	1,476	Biodiversity management	4,654	4,979
<b>Total applications of operating funding</b>	<b>26,786</b>	<b>26,503</b>	Pest management	4,903	5,047
<b>Surplus/(deficit) of operating funding</b>	<b>538</b>	<b>433</b>	Harbour management	1,832	1,841
<b>Sources of capital funding</b>			<b>Total applications of operating funding</b>		
Subsidies and grants for capital expenditure	-	-		<b>26,786</b>	<b>26,503</b>
Increase / (decrease) in debt	(168)	(93)	<b>Capital expenditure</b>		
Gross proceeds from asset sales	116	108	Capital project expenditure	240	90
<b>Total sources of capital funding</b>	<b>(52)</b>	<b>15</b>	Land and buildings	-	-
<b>Applications of capital funding</b>			Plant and equipment	179	233
- to meet additional demand	-	-	Vehicles	286	426
- to improve the level of service	84	90	<b>Total capital expenditure</b>	<b>705</b>	<b>749</b>
- to replace existing assets	621	659	<b>Depreciation on Environment assets</b>		
Increase / (decrease) in investments	-	-		640	551
Increase / (decrease) in reserves	(219)	(301)	<b>Surplus/(deficit) of funding</b>		
<b>Total applications of capital funding</b>	<b>486</b>	<b>448</b>		-	-
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	<b>Depreciation on Environment assets</b>		

1 This includes revenue from the Animal Health Board, sales of trees and rental income

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations

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 LTP 2012-22

All figures on this page exclude GST



## Flood protection and control works

GWRC works with communities to manage flood risk from the region's rivers and streams. We develop floodplain management plans, provide a free advice and consultation service, maintain and build flood protection works, work with the community to improve the environment and recreational opportunities and provide flood warnings.

### Activities

This group of activities includes:

- Understanding flood risk
- Maintaining flood protection and control works and improving flood security

### Our flood protection and control works activities contribute towards:

- **A resilient community** by:
  - Reducing the risk of flooding in the region now and in the future by encouraging new development away from our most flood-prone areas
  - Building planned flood protection works and informing communities about the risk and consequences of flood events in their area
- **A strong economy** by minimising the impact of flooding on activities that contribute to the regional economy
- **Quality of life** by enabling people to enjoy recreational use of river corridors
- **A healthy environment** by enhancing the environment along river corridors

Overall, Flood Protection and Control Works have had a successful year. Excellent progress was made on the Floodplain Management Plan implementation work, finishing the Boulcott Stop-bank one year ahead of programme, while completing all maintenance work to programme and making good progress on all of the investigations work. All of these activities have increased community resilience by reducing the flood risk and ensuring information about flood risk is available to be used in making decisions about where to locate any new developments.

Investigations, which assist in understanding flood risk, have had significant workload, completing the following key projects:

- Waikanae CDEM Flood Hazard modelling
- Porirua Stream hydraulic model update
- Waikanae Sediment Transport Study
- Waikanae Floodplain Management Plan review
- Climate change study

Good progress was also made on the Upper Wairarapa Floodplain Management Plan and the Waiohine Floodplain Management Plan. Significant input was provided for the Mackays to Peka Peka expressway consenting, the regional policy statement appeal and Upper Hutt City Council's Plan Change 15.

The operational works programme, focused on maintaining existing assets has been successfully completed within budget. The absence of any significant flood events has allowed on-going maintenance and

improvements to be completed to flood protection assets. The storm event on 20/21 June 2013 resulted in significant damage in the Wellington area. Many trees were blown over and while there was some erosion damage in coastal areas the flood protection assets suffered little damage.

Good progress was made on the western operational resource consents project. Applications for the Hutt and Waikanae Rivers have been lodged and accepted and Wainuiomata and Otaki River Consents are progressing well. Significant progress was also made on improving our Asset Management reporting systems and we have commenced scoping an Improvement and Business Process Project.

Flood Management Plan Implementation, focused on building new works to improve the level of flood protection, has had a successful year. Highlights for 2012/13 include:

- completing the Boulcott/Hutt stopbank one year ahead of schedule
- completing project scoping for the Hutt River City Centre Project
- purchasing two further Mills Street properties required for the Lower Hutt City Centre stopbank
- completing the Lower Wairarapa Valley Development Scheme annual improvement work programme
- signing-off six of ten entry agreements for the lower Waitohu Stream improvement works

### Performance against specific areas of work

Specific areas of work for 2012/13	Performance
<b>Understanding Flood Risk</b>	
Develop Waiwhetu Floodplain Management Plan	Waiwhetu FMP is currently in Phase 3 of 5 and completion has been deferred to 2013/14, however work is on-going to develop and refine the preferred option. Further work was requested by the Hutt Valley Flood Management Sub Committee on house raising options.
Prepare Pinehaven Floodplain Management Plan (in conjunction with the Upper Hutt City Council)	Pinehaven FMP completion has been deferred to 2013/14, however consultation with property owners on the preferred option combination and development of the draft FMP has been carried out.
Prepare Waiohine Floodplain Management Plan	The programme for Phase 3 has been extended until May 2014 to allow for further development of the Option 7 combination.
Prepare Ruamahanga, Waipoua and Waingawa Floodplain Management Plan	Phase 1 (Establish the Context) is underway with an initial focus on technical investigations and community consultation. The project is currently about six weeks behind schedule. Phase 2 will be scoped in mid-late 2013.
Complete a scoping study on the impacts of climate change	A scoping study on the impacts of climate change was completed.
<b>Maintaining Flood Protection and Control Works and Improving Flood Security</b>	
Commence obtaining statutory approvals for maintenance of infrastructure assets	Good progress made with projects to support resource consent applications. The application for the Hutt River was lodged in April 2013 and Waikanae River in May 2013.

Construct Boulcott-Hutt Stopbank (Hutt River Floodplain Management Plan)	Substantially completed one year ahead of programme. Council approved a revised total project budget of \$12.6 million, an increase of \$1.2 million.
Carry out Waiwhetu Stream environmental enhancement (as required by resource consent)	Environmental enhancement is on track to amended, approved budget and programme.
Planning for Lower Hutt City Centre Stop-bank upgrade (Hutt River Floodplain Management Plan)	Project scoping report completed to programme and under budget.
Planning for channel widening on the Hutt River from Melling Bridge to Kennedy Good Bridge (Hutt River Floodplain Management Plan)	Planning work progressed and is on target.
Continue implementing the environmental strategy on the Hutt, Waikanae and Otaki rivers	Implementation of environment strategies continued and is on target.
Carry out Lower Waitohu improvement works (Waitohu Stream Management Plan)	2012/13 targets, as originally planned, cannot be achieved because of land access and acquisition issues. Committee approved a revised works programme in July 2013.

### Achievement against performance targets

Level of service	Performance measure	Performance targets		
		Baseline	2012/13 Target	2012/13 Actual
<b>Understanding Flood Risk</b>				
Improving information and understanding of flood risk in the community	Number of new flood hazard assessments completed	2 new assessments completed (2011/12 forecast)  In total 14 out of 24 rivers and streams have been assessed	0  (The focus is on floodplain management planning)	0  Flood hazard maps have been updated for the Wainuiomata (completed) and Porirua Stream (draft)
	Number of new floodplain management plans developed	1 new plan completed (2011/12 forecast)  5 out of 24 rivers have plans	2	0  Waiohine River, Waiwhetu and Pinehaven Stream FMPs are currently close to completing (in Phase 3 'detailed options investigations').
	Number of requests for flood hazard advice	500 (2010/11)	Increase on previous year	281  The reason for fewer requests to advisory staff include a

				reduction in land development activity, greater use of web-based flood hazard information and extensive information being provided during the consultation process on FMPs and FHAs.
	Percentage of flood warning alarms responded to appropriately	100% (2010/11)	100%	100%
<b>Maintaining Flood Protection and Control Works and Improving Flood Security</b>				
Improve flood security by implementing floodplain management plans	Percentage of floodplain management plan capital works 40-year programme implemented	30% completed (2011/12 forecast)	30% completed	30% completed
Maintain flood protection schemes to mitigate the effect of flooding	No failures of flood protection schemes below specified design levels	100% (2010/11)	100%	100%
Minimise the environmental impact of flood protection works and support public access to rivers and streams	All flood protection works are undertaken in accordance with resource consent conditions or relevant plan provision	No significant non-compliance (2010/11)	No significant non-compliance	No significant non-compliance
	Number of new public access points to rivers and streams	1 (2011/12 forecast)	1 new public access point	1 new access point on the south bank of the Otaki River developed as part of the Chrystalls land purchase

At an overall level the flood hazard investigations and updating flood hazard information has taken longer to complete than originally planned. This is in part due to the need to meet higher and higher expectations for the quality and accuracy of the data and in part with the time needed to consult with affected communities about the information.

# Funding impact statement

## FLOOD PROTECTION AND CONTROL WORKS FUNDING IMPACT STATEMENT FOR THE YEAR ENDING 30 JUNE 2013

	2012/13 Actual \$000s	2012/13 Budget \$000s		2012/13 Actual \$000s	2012/13 Budget \$000s
<b>Sources of operating funding</b>			<b>Operating funding</b>		
General rate	8,261	8,261	Understanding flood risk	2,210	2,162
Targeted rates	6,136	6,136	Maintaining flood protection and control works and Improving flood security	13,821	13,932
Subsidies and grants for operating purposes	-	-			
Fees, charges, and targeted rates for water supply	-	-	<b>Total operating funding</b>	<b>16,031</b>	<b>16,094</b>
Fines, infringement fees, and other receipts <sup>1</sup>	1,634	1,697			
<b>Total operating funding</b>	<b>16,031</b>	<b>16,094</b>	<b>Applications of operating funding</b>		
<b>Applications of operating funding</b>			Understanding flood risk	1,506	1,347
Payments to staff and suppliers	7,621	7,540	Maintaining flood protection and control works and Improving flood security	10,729	10,610
Finance costs	3,463	3,266			
Internal charges and overheads applied	1,151	1,151	<b>Total applications of operating funding</b>	<b>12,235</b>	<b>11,957</b>
<b>Total applications of operating funding</b>	<b>12,235</b>	<b>11,957</b>			
<b>Surplus/(deficit) of operating funding</b>	<b>3,796</b>	<b>4,137</b>	<b>Capital expenditure</b>		
<b>Sources of capital funding</b>			Waiwhetu flood	134	100
Subsidies and grants for capital expenditure	-	-	Hutt River improvements	7,278	4,763
Increase / (decrease) in debt	6,650	4,131	Okaki River improvements	114	1,305
Gross proceeds from asset sales	104	94	Wairarapa scheme	942	588
<b>Total sources of capital funding</b>	<b>6,754</b>	<b>4,225</b>	Other flood protection	164	350
<b>Applications of capital funding</b>			Land and buildings	646	-
- to meet additional demand	-	-	Plant and equipment	115	122
- to improve the level of service	9,283	7,106	Vehicles	195	217
- to replace existing assets	305	339	<b>Total capital expenditure</b>	<b>9,588</b>	<b>7,445</b>
Increase / (decrease) in investments	356	322			
Increase / (decrease) in reserves	606	595			
<b>Total applications of capital funding</b>	<b>10,550</b>	<b>8,362</b>			
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>			
<b>Depreciation on Flood Protection and Control assets</b>	<b>992</b>	<b>904</b>			

<sup>1</sup> This includes revenue from the sales of shingle, rental income and direct contributions from territorial authorities for flood protection work

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations

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 LTP 2012-22

All figures on this page exclude GST

## Parks

GWRC manages a network of regional parks and forests for use and enjoyment by the community. The network includes a range of unique natural areas for recreation and conservation. We plan for the future of the network, provide facilities and services for visitors (including park rangers, toilets and tracks) and work with community groups to protect the environment of regional parks.

## Activities

This group of activities includes:

- Parks planning
- Visitor services
- Protecting the environment of regional parks.

## Our parks activities contribute towards:

- A **quality of life** by providing a range of outdoor recreational opportunities and amenities for the community to enjoy; and protecting part of the region's unique natural and cultural heritage
- A **healthy environment** by protecting and restoring the habitat of native plants and animals.

GWRC has made good progress with integrating Whitireia Park and Baring Head into the regional parks network. At Whitireia we are continuing the picnic area and firebreak mowing, road re-sealing and environmental restoration. We developed a new park logo, signage and brochure. Porirua City Council has included the toilet cleaning in their local contract, and delivers a very good service. We are working well with our management partner Ngati Toa Rangatira and have a very productive relationship with the Whitireia Park Board.

A new coastal car park has been completed at Baring Head, substantially reducing the incidence of illegal vehicle access to the beach and better protecting the fragile coastal environment. A new toilet has been installed at the main entrance off Coast Road. Pest plant and animal monitoring and control work is underway and GWRC staff have supported the Friends of Baring Head in their successful restoration of the historic pump shed and the first tree plantings in the Khyber Pass area of the block.

The Roopu Tiaki for the Parangarahu Lakes is now well established and fully engaged in guiding development of the draft Management Plan. Roopu representatives have made contact with park neighbours, and we are currently progressing measures to resolve the impacts of flooding in the Gollans Stream catchment, and the exotic weed infestation in upper Gollans Stream.

With three parks in the Porirua Harbour catchment, we continue to participate in the Porirua Harbour working group. During the year we obtained Biodiversity funding to retire a paddock in the upper Cannons Creek catchment from grazing and stock proof the covenant fence, which will further improve water quality in the stream.

We reviewed the land management approach at Queen Elizabeth Park (QEP), concluding that farming should continue on the park, and commenced implementation of the Sustainable Land Use Plans for both

QEP and Belmont Regional Park. As part of this, a further stretch of the Whareroa Stream (QEP) and part of the upper Korokoro catchment (Belmont), were fenced off from grazing livestock.

Upgrades have been carried out on the Swingbridge and Rivendell tracks at Kaitoke Regional Park, the MacKenzie Track at East Harbour Regional Park and the Birchville Dam section of the Cannon Point Walkway. We have removed barriers such as steps, eased gradients and improved surfacing to make them more accessible to a wider range of people. We also commenced a significant upgrade of popular tracks in the Korokoro Valley to make them safe for shared use. A new track was built to the Lower Dam at the Wainuiomata Recreation Area, to provide safe off-road access for visitors.

Lord of the Rings-themed tours of Kaitoke Regional Park have become steadily more popular and this year we installed a new interpretation trail at Rivendell, to coincide with the world premiere of “The Hobbit – An Unexpected Journey”. This has been extremely well received by all park visitors.

The outstanding summer weather saw very high park usage, including record-breaking camping numbers at Kaitoke Regional Park. Over the year we were able to address the car versus pedestrian conflicts at the Farm Creek Bridge, and a new pedestrian bridge over the stream now makes the walk from the campground to the Pakuratahi Forks much safer, especially for children.

## Performance against specific areas of work

Specific areas of work for 2012/13	Performance
<b>Parks Planning</b>	
Amendment to Parks Network Plan to include Baring Head	Council approved amendment to the Parks Network Plan to include Baring Head/Orua-pouanui.
Development of Parangarahu Lakes area co-management plan with iwi and amendment to Parks Network Plan to update park specific management policies for Parangarahu Lakes area	The Parangarahu Lakes Draft Co-Management Plan is being jointly prepared by Council and Port Nicholson Block Settlement Trust (PNBST) through the joint Roopu Tiaki. Whilst the original timetable was for a draft plan to be prepared by March/April, the Roopu Tiaki agreed to delay finalisation of this draft plan whilst a number of issues are resolved. The intention is to now circulate the draft plan to the Roopu Tiaki and the newly inaugurated Council towards the end of 2013, and commence public consultation early 2014.
Amendment to Parks Network Plan to update Queen Elizabeth Park policies	No amendment has been necessary.
<b>Visitor Services</b>	
Review track upgrade and development needs across the parks network to increase opportunities for families and youth, especially relatively inactive people	Due to workload requirements we were unable to complete the review of the track upgrade and development requirements. However, this was commenced and will be completed in 2013/14. During the year upgrades were undertaken for tracks in Kaitoke and East Harbour Regional Parks, Cannon Point Walkway to remove steps, ease gradients and improve surfacing. A new walking track was built so that people have safe off-road access to the Wainuiomata Lower Dam.

Run the Great Outdoors Summer Events programme and other events in all parks	A total 13,594 people attended Great Outdoors Summer Events in the regional parks, 4,228 of this number taking part in events organised by GWRC or in partnership with others. We also celebrated the 25 <sup>th</sup> anniversary of the Rimutaka Rail Trail, a Matariki/Arbor Day at Battle Hill and the 60 <sup>th</sup> anniversary of Queen Elizabeth Park.
Process and issue concessions, leases and licences	A wide range of activities have been undertaken on the parks through processing of concessions, leases and licences. Collectively these complement the casual recreation activities on the parks, and fees received comprise around 10% of the total Parks budget.
Develop visitor services at Baring Head, East Harbour Regional Park	A new carpark has been constructed at the coastal entrance to Baring Head. Providing a defined space and information for visitors, this has also significantly reduced the incidence of vehicles illegally accessing the beach. There is a new disabled-access toilet at the main entrance to the block, providing a much appreciated service for visitors to the park.
<b>Protecting the environment of regional parks</b>	
Replanting will continue in identified environmental restoration sites across the parks network (excluding high value biodiversity sites)	It became clear during discussions that, because of the current or potential community support, the criteria should allow for high value as well as degraded sites to be funded (noting that the high value sites also receive other GWRC funding).
Fencing and stream restoration at Whareroa Stream (Queen Elizabeth), Korokoro Stream (Belmont) and Speedy's Stream (Belmont)	Fencing has been undertaken on stretches of the Whareroa Stream and upper Korokoro catchment to retire these areas from stock grazing. While we expect to plant the stream sides at Whareroa in future years, re-vegetation will happen of its own accord in the upper Korokoro catchment.
The management plan for Baring Head will identify significant heritage features and their future management approach	The management plan for Baring Head has identified significant environmental, recreation and heritage features of the area, and their future management approach.
Establishing a heritage precinct in Queen Elizabeth Park	This work will commence in 2013/14.



## Achievement against performance targets

Level of service	Performance measure	Performance targets		
		Baseline	2012/13 Target	2012/13 Actual
<b>Parks Planning</b>				
Provide an up-to-date policy framework to manage the regional park network	That the Parks Network Plan is maintained and updated	Parks Network Plan adopted Dec 2010	Adopt amendments to the Parks Network Plan on: Baring Head Parangarahu Lakes Queen Elizabeth Park (Tilley Road)	Council adopted an amendment to the Parks Network Plan for Baring Head. Work commenced on development of the management plan for the Parangarahu Lakes.  Management of Tilley Road land was transferred to Kapiti Coast District Council. This was allowed for within the Parks Network Plan so no amendment necessary.
<b>Visitor Services</b>				
Provide a range of facilities and recreational opportunities to meet community expectations	Percentage of the regional population that has visited a regional park in the last 12 months	59% (2010/11)	>60%	63%
	Percentage of regional park visitors who are satisfied with park facilities	94% (2010/11)	92%	96% (79% were "very satisfied)
	Number of people attending GWRC events in regional parks	4,730 (2010/11)	4,900	5,031

	Number of volunteer hours in regional parks	6,167 (2010/11)	Maintain or increase on previous year	8,453
<b>Protecting the environment of regional parks</b>				
Work with the regional community to protect and restore the environmental values within the regional parks network	Total number of active environmental restoration sites within regional parks network (excluding high value biodiversity sites)	No baseline currently exists	Establish objectives and criteria for environmental restoration sites  Continue management of current sites	Objectives and criteria were agreed for community environmental restoration sites in the parks (which may include high value biodiversity sites).  Current sites include: Queen Elizabeth Park (MacKays Crossing dune swamp, Poplar Ave wetland, foredunes); Battle Hill Farm Forest Park (Swampy Gully), Belmont Regional Park (Cannons Creek, Hill Road), East Harbour Regional Park (Parangarahu Lakes, Baring Head).

### Unforecast Activity:

There was significant storm repair work undertaken in the Akatarawa Forest, as a result of heavy rain in February 2013. Several culverts were washed out, and access roads closed as a result.

Severe southerly storms during June required extensive clean-up work in East Harbour Regional Park, Belmont Regional Park (Korokoro Valley), Battle Hill Farm Forest Park and Queen Elizabeth Park.

# Funding impact statement

## PARKS

### FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE 2013

	2012/13	2012/13		2012/13	2012/13
	Actual	Budget		Actual	Budget
	\$000s	\$000s		\$000s	\$000s
<b>Sources of operating funding</b>			<b>Operating funding</b>		
General rate	5,170	5,171	Parks Planning	584	248
Targeted rates	-	-	Visitor Services	5,495	5,591
Subsidies and grants for operating purposes	-	-	Protecting the environment of regional parks	-	-
Fees, charges, and targeted rates for water supply	96	50			
Fines, infringement fees, and other receipts <sup>1</sup>	813	618	<b>Total operating funding</b>	<b>6,079</b>	<b>5,839</b>
<b>Total operating funding</b>	<b>6,079</b>	<b>5,839</b>			
<b>Applications of operating funding</b>			<b>Applications of operating funding</b>		
Payments to staff and suppliers	4,544	4,351	Parks Planning	219	248
Finance costs	264	282	Visitor Services	5,453	5,194
Internal charges and overheads applied	845	845	Protecting the environment of regional parks	(19)	36
<b>Total applications of operating funding</b>	<b>5,653</b>	<b>5,478</b>	<b>Total applications of operating funding</b>	<b>5,653</b>	<b>5,478</b>
<b>Surplus/(deficit) of operating funding</b>	<b>426</b>	<b>361</b>			
<b>Sources of capital funding</b>			<b>Capital expenditure</b>		
Subsidies and grants for capital expenditure	-	-	Battle Hill Farm Forest Park	12	5
Increase / (decrease) in debt	413	274	Belmont Regional Park	202	29
Gross proceeds from asset sales	105	69	Queen Elizabeth Park	81	238
<b>Total sources of capital funding</b>	<b>518</b>	<b>343</b>	Whitireia Park	1	69
<b>Applications of capital funding</b>			Pakuratahi Forest	14	50
- to meet additional demand	-	-	Akatarawa Forest	43	36
- to improve the level of service	-	-	Wainuomata Recreation Area	50	31
- to replace existing assets	984	927	Kaitoke Regional Park	78	38
Increase / (decrease) in investments	-	-	East Harbour Regional Park	122	84
Increase / (decrease) in reserves	(40)	(223)	Other	9	-
<b>Total applications of capital funding</b>	<b>944</b>	<b>704</b>	<b>Capital project expenditure</b>	<b>612</b>	<b>580</b>
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	Land and buildings	53	-
			Plant and equipment	28	67
<b>Depreciation on Parks assets</b>	<b>682</b>	<b>673</b>	Vehicles	291	280
			<b>Total capital expenditure</b>	<b>984</b>	<b>927</b>

<sup>1</sup> This includes rental income and park activity fees

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations

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 LTP 2012-22

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.

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

From a risk management point of view, Greater Wellington is well aware that investment returns to the rate line are exposed to the success or otherwise of two main investments – the WRC Holdings Group (including CentrePort Ltd) and our liquid financial deposits.

Investments offset the needs for rates revenue. Regional rates would need to be 8% higher without the revenue from Greater Wellington's investments.

### Treasury management

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

We then on-lend 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 used to offset regional rates.

### Local Government Funding Agency

Greater Wellington is a founding shareholder in the Local Government Funding Agency (LGFA). The LGFA was established by statute in December 2011 and Greater Wellington has subscribed to \$2 million shares in the LGFA. The LGFA has been set up to assist local authorities to access wholesale debt at better rates than they could expect on their own. Greater Wellington will source term debt requirements from the LGFA and anticipates we will receive an annual dividend on our investment once the LGFA becomes fully established. As part of the arrangement Greater Wellington has guaranteed the debt obligations of the LGFA along with the other shareholders of the LGFA in proportion to its level of rates revenue. Greater Wellington believes the risk of this guarantee being called on is extremely low, given the internal liquidity arrangements of the LGFA, the lending covenants of the LGFA and the charge over rates the LGFA has from councils.

### Liquid financial deposits

Greater Wellington holds \$33 million in liquid financial deposits as a result of selling our 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 the general provisions of our Treasury Management Policy, including Greater Wellington's attitude to risk and creditworthy counterparties.

### **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. 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 our predecessor organisations have been involved in forestry for many years, primarily for soil conservation and water quality purposes.

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

Our overall investment policy 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.

### **Civic Assurance and Airtel Ltd**

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**

Grow Wellington Ltd is a Council Controlled Organisation that is 100% owned by Greater Wellington. It acts as an economic development agency to implement the Wellington Regional Strategy. It has a subsidiary company, Creative HQ, which is an incubator to support growing companies. See Section 5 of the Plan for more details on the company and the proposal to continue the Wellington Regional Strategy activity.

### **Westpac Stadium**

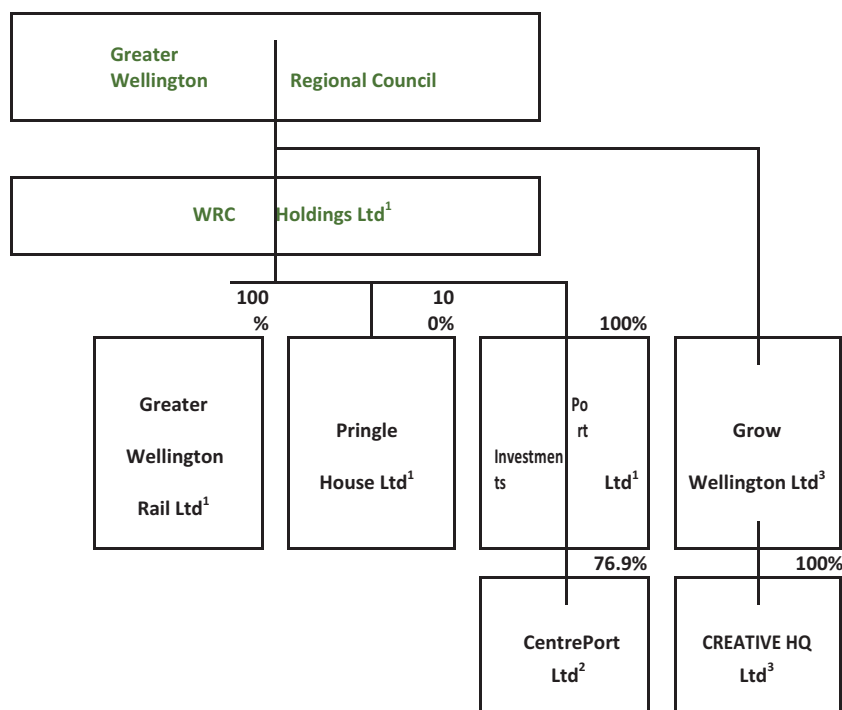
The Westpac Stadium is a regional facility which provides a high-quality, multi-purpose venue for sporting and cultural events.

Greater Wellington provided a \$25 million loan to the Westpac Regional Stadium Trust to plan and build the stadium. It is the Trust's principle funder. Greater Wellington services and repays this loan through a targeted stadium rate.

Greater Wellington appoints one of its Councillors to the Westpac Stadium Trust and jointly with the Wellington City Council appoints other trustees. Greater Wellington also monitors the Trust's performance against its statement of intent.

# 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

Note: Greater Wellington Transport and Infrastructure Ltd are dormant companies. Grow Wellington and Creative HQ activities are included in Regional Leadership, refer to page **XX**

WRC Holdings Ltd and Port Investments Ltd are, in essence investment holding companies. The main operating companies in the Group are CentrePort Ltd, Greater Wellington Rail Limited 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 where appropriate
- Separating Greater Wellington’s investment and commercial assets from its public good assets
- Minimise the risk of owning commercial assets such as rail rolling stock

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.

The primary objectives of WRC Holdings Ltd are to support Greater Wellington's strategic vision and operate successful, sustainable and responsible businesses, manage its assets prudently and where appropriate, provide a commercial return. It has adopted policies that prudently manage risks and protect the investment.

WRC Holdings financial performance targets are:

<b>WRC Holdings Limited</b>	<b>Actual 2013</b>	<b>Target 2013</b>	<b>Actual 2012</b>
Dividend distribution \$000s	-	2,672	2,254
Dividend distribution %	-0%	100%	100%
Return on equity <sup>1</sup>	(7.01)%	5.8%	8.34%
Return on assets <sup>2</sup>	(0.77)%	4.70%	5.52%

1 Based on net surplus before tax divided by average equity, but excluding revaluation gains and losses.

2 Based on earnings before interest and tax divided by average assets

### Performance targets for the Group

<b>Financial</b>	<b>Actual 2013</b>	<b>Target 2013</b>	<b>Actual 2012</b>
Net profit/(deficit) before tax	\$12.1 million	\$19.9 million	\$119.7 million
Net profit/(deficit) after tax <sup>1</sup>	\$10.3 million	\$14.5 million	\$91.9 million
Earnings before interest, tax and depreciation.	\$47.4 million	\$54.8 million	\$148.8 million
Return on total assets <sup>2</sup>	3.2%	4.3%	19.9%
Return on shareholders' funds <sup>3</sup>	3.0%	3.1%	30.7%
Stakeholders equity			

in total assets	58.8%	53.8%	56.9%
-----------------	-------	-------	-------

Dividends <sup>4</sup>	-	\$2.7 million	\$2.3 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

The Net profit before tax is lower than budget due to a loss on sale of the Ganz Marvag Trains in Greater Wellington Rail Limited. The trains were acquired from Kiwi Rail for zero consideration and subsequently valued up on acquisition.

The lack of dividend distribution is a deliberate decision to delay the payment to the next financial year. This is a change in accounting practice only and there is no cash implication from this change. There is a proposed dividend of \$2.3 million to be paid post balance date.

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

- Peter Blades
- Peter Glensor
- Megan McKenna
- Prue Lamason (Chair)
- Fran Wilde (Deputy Chair)
- Nigel Wilson.

#### **Pringle House Ltd**

Pringle House owns and operates the Regional Council Centre at 142-146 Wakefield Street, Wellington. The building is leased out on commercial terms to Greater Wellington and Chartis. The management of the building is undertaken by Greater Wellington's property consultants, Jigsaw Property Ltd.

The building consists of 6,545 square metres over nine floors and is leased to Greater Wellington and with the balance being partially vacant. Subsequent to 30 June the Council vacated the building.

The main activities of Pringle House Limited are:

- Maintain a regular maintenance programme.
- Ensure the Regional Council Centre is insured at competitive rates.
- Ensure the Regional Council Centre meets the requirements of the Building Act
- Ensure the Regional Council Centre provides a rental at competitive market rates with residual income after expenses paid as a dividend to the shareholder.
- Ensure Pringle House Ltd operates in an energy efficient manner.



Its financial performance targets are:

<b>Pringle House Limited</b>	<b>Actual 2013</b>	<b>Target 2013</b>	<b>Actual 2012</b>
Dividend distribution \$000s	-	-	163
Dividend distribution %	-		100%
Return on equity <sup>1</sup>	65.8%	5.8%	20.9%
Return on assets <sup>2</sup>	24.6%	4.7%	10.8%

1 Based on net surplus before tax divided by average equity, but excluding revaluation gains and losses.

2 Based on earnings before interest and tax divided by average assets

#### **Greater Wellington Rail Ltd**

Greater Wellington Rail Ltd owns Greater Wellington's investments in rail rolling stock, which includes the following:

- 18 SW Carriages
- 6 SE Carriages
- 1 AG Luggage van
- 1 2 Car DM 216 English Electric unit
- 44 Ganz Mavag units (these are made up of 2 or 3 car sets)
- 35 English Electric units (currently being phased out of service)
- 48 Matangi units, once production completed.

In 2008 a contract was entered into with Hyundai-Rotem for the supply of 48 Matangi electric multiple units (EMUs). The units were delivered in progressively with the final units received in mid-2012.

In June 2011 Greater Wellington Rail Ltd acquired rail infrastructure assets from Kiwirail including 48 railway stations (excluding Wellington Railway Station) and various overbridges and underpasses supporting the network.

Greater Wellington Rail Ltd's financial performance targets are.

<b>Greater Wellington Rail Limited</b>	<b>Actual 2013</b>	<b>Target 2013</b>	<b>Actual 2012</b>
Dividend distribution \$000s	-	-	-
Dividend distribution %	-	-	-
Return on equity <sup>1</sup>	1.6%	1.3%	55%
Return on assets <sup>2</sup>	(1.1%)	1.0%	38%

1 Based on net surplus before tax divided by average equity, but excluding revaluation gains and losses.

2 Based on earnings before interest and tax divided by average assets

#### **Port Investments Ltd**

Port Investments Ltd is an investment vehicle that owns 76.9% of CentrePort Ltd. The other shareholder of the company is MWRC Holdings Ltd: 23.1%, owned by Horizons Regional Council.

The major activities of CentrePort are:

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

<b>Port Investments Limited</b>	<b>Actual 2013</b>	<b>Budget 2013</b>	<b>Actual 2012</b>
Dividend distribution \$000s	-	2,696	2,228
Dividend distribution %	100.0%	100.0%	100.0%

Return on equity <sup>1</sup>	62.6%	114.0%	94.4%
Return on assets <sup>2</sup>	8.3%	9.0%	8.2%

1 Based on net surplus before tax divided by average equity, but excluding revaluation gains and losses. Based on earnings before interest and tax divided by average asset

2 Based on earnings before interest and tax divided by average assets

The performance of CentrePort is monitored through the board of Port Investments Ltd.

Its financial performance targets set in 2011/12 are as follows, with the updated financial information available in final version of this approved Long Term Plan:

### Performance targets

Financial	Actual 2013	Target 2013	Actual 2012
Net profit before tax	\$12.3 million	\$11.1 million	\$16.5 million
Net profit after tax	\$11.7 million	\$10.0 million	\$11.8 million
Return on total assets <sup>1</sup>	10.1%	9.1%	10.1%
Return on shareholders' funds <sup>2</sup>	6.4%	6.5%	8.2%
Dividends distribution as a percentage of NPAT	38%	40%–60%	45%
Dividend <sup>3</sup>	\$4.5 million	\$4.5 million	\$5.4 million
Interest cover ratio <sup>4</sup>	3.3	3.6	3.3
Gearing ratio <sup>5</sup>	38%	40%	41.5%

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 For forecasting purposes the base of 40% (rounded to the nearest \$100k) has been used for out-year reporting.

4 The company has set medium and long-term financial performance and financial health targets. Earnings before interest, tax and depreciation, divided by interest expense.

5 Total liabilities divided by total assets.

The target for return on shareholders' funds is to be benchmarked against comparable New Zealand ports.

The directors of CentrePort Ltd are

- David Benham
- Richard Janes

- Malcolm Johnson
- Warren Larsen (Chair)
- John Monaghan
- Mark Petersen.

Management of tenancy risk means that each single property investment has committed rental income (via executed lease contracts) that is sufficient to meet forecast interest costs on (i) the cost of the site development related to the development and (ii) the cost of the construction of the development AND the vacant net lettable area of the development is no greater than 25%

# Funding impact statement

## INVESTMENTS

### FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE 2013

	2012/13	2012/13		2012/13	2012/13
	Actual	Budget		Actual	Budget
	\$000s	\$000s		\$000s	\$000s
<b>Sources of operating funding</b>			<b>Net contribution to general rates</b>		
General rate <sup>1</sup>	(11,352)	(11,352)	<b>from individual components of investments</b>		
Targeted rates	2,676	2,676	Liquid financial deposits	(1,391)	(1,215)
Subsidies and grants for operating purposes	-	-	WRC Holdings	(2,405)	(3,540)
Fees, charges, and targeted rates for water supply	998	-	Treasury management	(8,063)	(6,417)
Fines, infringement fees, and other receipts <sup>2,3</sup>	37,183	45,028	Forestry	-	-
<b>Total operating funding</b>	<b>29,505</b>	<b>36,352</b>	Other Investments and Property	507	(180)
<b>Applications of operating funding</b>			<b>Contribution to general rates</b>		
Payments to staff and suppliers	8,784	9,295		(11,352)	(11,352)
Finance costs	11,032	10,587			
Internal charges and overheads applied	183	288			
<b>Total applications of operating funding</b>	<b>19,999</b>	<b>20,170</b>			
<b>Surplus/(deficit) of operating funding</b>	<b>9,506</b>	<b>16,182</b>			
<b>Sources of capital funding</b>			<b>Capital expenditure</b>		
Subsidies and grants for capital expenditure	-	-	Capital project expenditure	883	525
Increase / (decrease) in debt	(18,836)	3,862	Land and buildings	-	-
Gross proceeds from asset sales	20	49	Plant and equipment	37	-
<b>Total sources of capital funding</b>	<b>(18,816)</b>	<b>3,911</b>	Vehicles	-	196
<b>Applications of capital funding</b>			<b>Total capital expenditure</b>	<b>920</b>	<b>721</b>
- to meet additional demand	-	-			
- to improve the level of service	-	464			
- to replace existing assets	-	257			
Increase / (decrease) in investments <sup>2</sup>	(7,701)	15,255			
Increase / (decrease) in reserves	(2,529)	4,117			
<b>Total applications of capital funding</b>	<b>(9,310)</b>	<b>20,093</b>			
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>			
<b>Depreciation on Environment assets</b>	<b>253</b>	<b>260</b>			

1 Net Investment surpluses are used to reduce the general rate. It is applied to general rate as all ratepayers benefit the same proportionally from a reduction in the general rates.

2 Other receipts include revenue from Forestry and pest control and internal income from public transport to fund the rail infrastructure that will be owned by the 100% Council-Controlled Trading Organisation, Greater Wellington Rail Ltd. The funds recovered are utilised for an equity injection into Greater Wellington Rail Ltd to enable Greater Wellington Rail Ltd to fund Greater Wellington's share of the upgrades.

3 Greater Wellington manages community outcome debt via an internal debt function. Other receipts includes internal interest in income which is the total interest charged to the operational activities. External investments and debt are managed through a central treasury management function in accordance with the Treasury Management Policy.

Internal interest revenue	15,367	15,198
forestry sales revenue	7,997	8,967
Investment in Greater Wellington Rail Ltd	8,531	14,855

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations

For more information on the revenue and financing mechanisms applicable to investments, please refer to the "Revenue and Financing Policy" in the LTP 2012-22

All figures on this page exclude GST

# Statement of compliance and responsibility

## Compliance

The Council and GWRC's management confirm that all the statutory requirements of the Local Government Act 2002 in relation to the annual report have been complied with.

## Responsibility

The Council and GWRC's management accept responsibility for preparing the annual financial statements and judgements used in them. The Council and GWRC's management accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and GWRC's management, the annual financial statements for the year ended 30 June 2013 fairly reflect the financial position and operations of the Greater Wellington Regional Council.

**Fran Wilde**

*Chair*

25 September 2013

**David Benham**

*Chief Executive*

25 September 2013

**Warren Tocker**

*Chief Financial Officer*

25 September 2013

# Audit report

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

## Independent Auditor's Report

# Regional Councillors

## KAPITI COAST

**Nigel Wilson**  
T 04 905 0583  
M 021 284 3339  
nigel.wilson@gw.govt.nz

## LOWER HUTT

**Peter Glensor**  
T 04 586 4119  
M 027 241 5152  
peter.glensor@gw.govt.nz

## Sandra Greig

T 04 586 0847  
M 027 640 8681  
sandra.greig@gw.govt.nz

## Prue Lamason

T 04 566 7283  
F 04 566 2606  
M 021 858 964  
prue.lamason@gw.govt.nz

## PORIRUA/TAWA

**Jenny Brash**  
T 04 233 8217  
M 027 354 4233  
jenny.brash@gw.govt.nz

## Barbara Donaldson

T/F 04 237 0773  
M 021 976 747  
barbara.donaldson@gw.govt.nz

## UPPER HUTT

**Paul Swain**  
T 04 528 7830  
M 021 270 9113  
paul.swain@gw.govt.nz

## WAIRARAPA

**Gary McPhee**  
T 06 216 0075  
M 027 457 5363  
gary.mcphee@gw.govt.nz

## WELLINGTON

**Judith Aitken**  
M 027 769 6424  
judith.aitken@gw.govt.nz

## Paul Bruce

T/F 04 972 8699  
M 021 027 19370  
paul.bruce@gw.govt.nz

## Chris Laidlaw

T 04 934 3143  
F 04 934 3148  
M 027 425 4668  
chris.laidlaw@gw.govt.nz

## Daran Ponter

T 04 475 9959  
M 027 454 0689  
daran.ponter@gw.govt.nz

## Fran Wilde (Chair)

T 04 830 4246  
F 04 384 5023  
M 021 888 075





# Council committee structure

As at September 2013

(c) Chair (d) Deputy Chair

## **Audit, Risk and Assurance Committee**

Cr Judith Aitken (c)

Cr Peter Glensor (d)

## **Economic Wellbeing Committee**

Cr Peter Glensor (c)

Cr Paul Bruce (d)

## **Environmental Wellbeing Committee**

Cr Barbara Donaldson (c)

Cr Jenny Brash (d)

## **Regional Transport Committee**

Cr Fran Wilde (c)

Cr Peter Glensor (d)

## **Social and Cultural Wellbeing Committee**

Cr Nigel Wilson (c)

Cr Sandra Greig (d)

## **Te Upoko Taiao – Natural Resource Committee**

Cr Chris Laidlaw (Co-Chair)

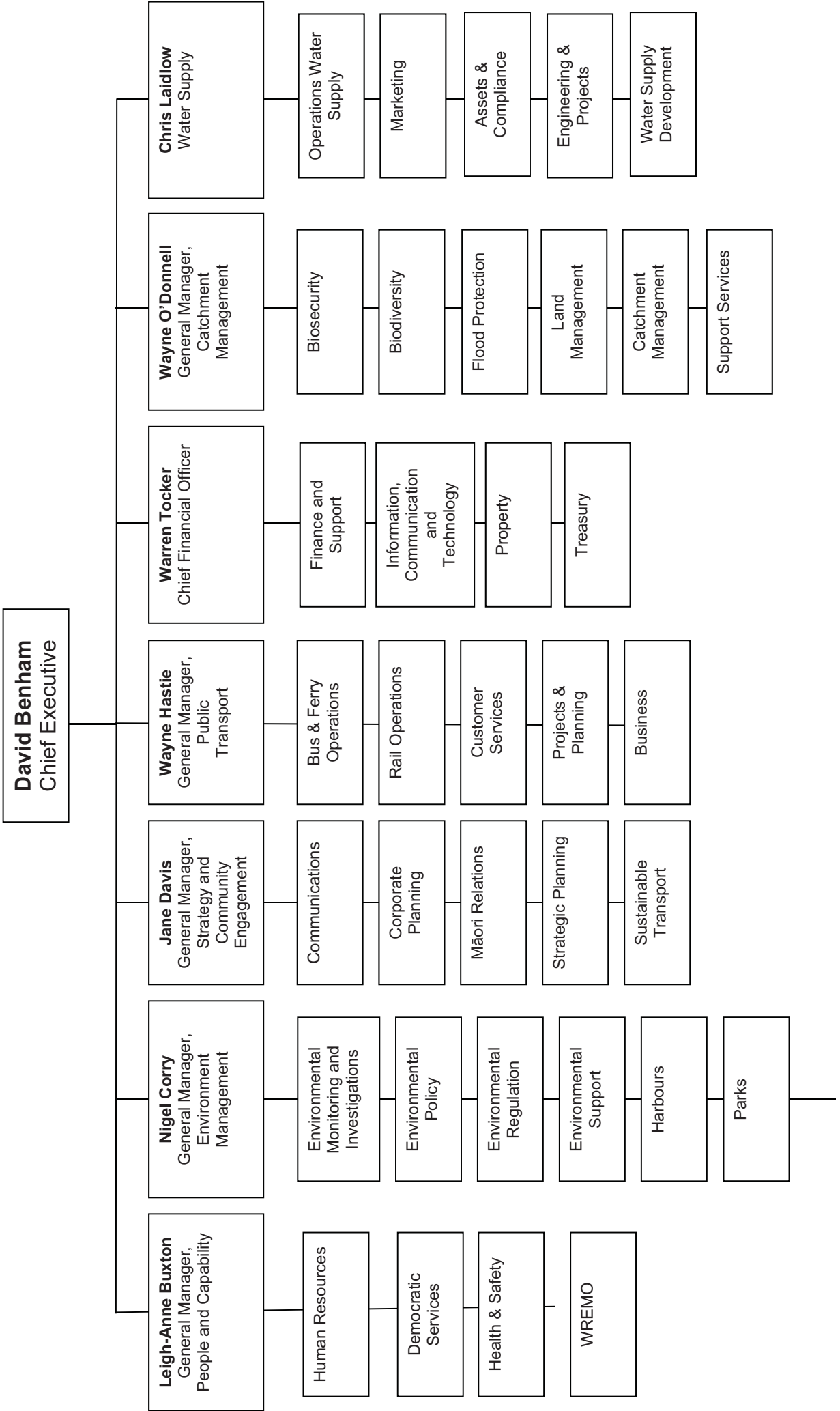
Te Waari Carkeek (Co-Chair)

## **Wellington Regional Strategy Committee**

Sir John Anderson (c)

Cr Wilde (d)

# GWRC structure



Wairarapa Water  
Use Project

## [Back Page]

### For more information, please contact GWRC:

Wellington office  
PO Box 11646  
Manners Street  
Wellington 6142  
T 04 384 5708  
F 04 385 6960

Masterton office  
PO Box 41  
Masterton 5840  
T 06 378 2484  
F 06 378 2146

[www.gw.govt.nz](http://www.gw.govt.nz)  
[info@gw.govt.nz](mailto:info@gw.govt.nz)

October 2013  
xxxxxxxxxx

## **Greater Wellington Regional Council**

### **Annual Report Summary 2012/13**

#### **Summarising GWRC's Annual Report 2012/13**

#### **Chair's report**

In the year under review, local government has regularly been in the news, both nationally and in Wellington. The Government's major reforms have impacted on all councils, including ours. In particular, as a regional council with a mandate to oversee the region's natural environment, we have been vitally interested in policy changes relating to freshwater management and the Resource Management Act. We have collaborated closely with other regional councils and the Government to try to ensure that new policies are not only workable but will deliver quality outcomes for New Zealand.

Within the context of these changes to environmental policy, we have also been working on our own second-generation regional plan. This has been a major undertaking, designed as a "ground up" exercise, with the community playing a major role. The 2012/13 year saw significant progress, with a first draft for discussion purposes almost complete within that time, following a series of well attended community workshops the previous year. The next step will be to informally test the discussion draft, before revising then publishing it as a formal Proposed Regional Plan in the calendar year 2014.

One of the most exciting initiatives to emerge from the plan process has been a decision to empower communities to be part of the shaping of the catchment planning and regulatory process – historically a responsibility that councils reserved to themselves. Thus the year's work included development of this model, with a decision to create catchment committees that would have the mandate to look after water quality in their areas. We decided to use the word "Whaitua" to describe the catchments. In Te Reo Maori it means a designated area, so our catchment committees will be called Whaitua Committees. They will be responsible for planning how to maintain the water values in the catchment and will make formal recommendations on policies and regulations for the council to pass.

The Government reform agenda during the year also included legislation relating to local government restructuring. This, too, was very pertinent to our council. For Wellington to continue to grow into a smart and innovative region, it is important that we get the governance structure right so we can ensure there is strong leadership and a unified voice for the half a million people who are proud to call our region home.

In 2012, in partnership with Porirua City, we set up an independent panel headed by Sir Geoffrey Palmer to consider the issues. Following an ambitious programme of consultation and research, the panel produced a substantial report proposing a two-tier system of governance within a unitary council structure. Further work to refine options was then undertaken by our council in conjunction with Porirua, Kapiti Coast and Wellington City councils.

In June 2013 we submitted an application to the Local Government Commission proposing an amalgamation of all the current councils in the region into one unitary authority comprising 21 elected members and eight locally-elected boards.

Arguably the greatest challenge is to achieve the right balance – on the one hand a regional entity with the critical mass and capability to provide leadership plus economies of scale and scope, and, on the other, local decision-making that enables communities to make authentic choices about their own places. Our proposal supported this dual approach.

The Local Government Commission is currently considering our application, along with several others, and any decision to change local government in the Wellington region is unlikely to be implemented before the 2016 local government election.

Meanwhile, our council continues with its everyday work – although the past year was hardly “everyday”, with the region facing a string of major natural hazards - drought, storm and, more recently, earthquakes.

The drought occurred when one of our major water storage lakes at Te Marua was off-line for seismic strengthening and an increase in capacity. Although we began warning residents as early as November last year that they would need to watch water consumption, it was not till the drought progressed to a more serious water shortage that it grabbed public attention.

We were able to get through the dry spell by dint of careful management of the several water sources we manage, plus a fantastic water conservation response from the community as people became aware of the situation. Even though the storage lakes will both be fully functioning for next summer, Wellingtonians have shown that they can certainly save water (as indeed they have already been doing, with a downward trend in recent years). Hopefully, this prudence will continue.

Other highlights for the year include winning a New Zealand Engineering Excellence Award for the council’s part in developing a ground-breaking chemical process for water treatment and a best practice award by the New Zealand Planning Institute for a collaborative consultation project to improve the health of Porirua Harbour.

Awards like this result from the hard work of council staff working with communities to find innovative solutions to some of the issues facing our region. My thanks to them all for this year’s achievements. On behalf of the council I would also like to warmly acknowledge our many partners in the community, private and public sectors for their commitment to making the Wellington region even better than it is.



**Fran Wilde**

## Chief Executive's report

The past year has been a busy and challenging one that has seen the Greater Wellington Regional Council not only respond to a series of natural hazards, but also make major inroads into increasing the capacity of infrastructure in the Wellington region.

This report covers the first year of the Council's Long Term Plan 2012-22. In implementing the Long Term Plan, we are taking significant steps towards solving some of the issues facing the region, including major pieces of work on governance, public transport, environment and emergency management.

One of the things that is difficult to plan for is a natural disaster. While a great deal of work has been put into building the region's resilience, the prolonged summer drought, the June storm and the more recent earthquakes have certainly highlighted the vulnerability of Wellington during a major event.

The new Wellington Regional Emergency Management Office (WREMO) organisation is now operational and has proven to be very effective in coordinating responses to emergencies during the earthquakes and the June storm.

Community outcome indicators also suggest that, through the work of WREMO in promoting preparedness, more residents in the region are aware of what to do in the event of a natural disaster and have emergency kits and plans in place. However, there is no room for complacency and there is still much to be done by all the councils of the region, in conjunction with their communities, to ensure greater preparedness.

Options are also being sought for emergency water sources that can provide a "survival" level of water to the region following a major event that damaged pipelines. One option being discussed is building a new pipeline across the harbour from Seaview to Wellington city.

Work has now been completed on earthquake strengthening the Te Marua water storage lakes. The project has involved covering the bed of each of the lakes with a protective lining that is designed to stretch in an earthquake and prevent cracking and leakage. We also took the opportunity to increase the capacity of the lakes.

While earthquakes have certainly been a topic of interest for many in the region, the reality is that the Wellington region is susceptible to a range of natural disasters, with flooding being one of the biggest risks.

We have pushed ahead with work to build up the region's resilience to flooding and the Boulcott-Hutt Stopbank has been completed a year ahead of schedule. Project scoping for the Hutt River City Centre Project has also been completed, allowing us to move further forward in providing greater protection to the area.

A reliable public transport system is a critical part of world class infrastructure. Good progress has been made in this area in the past 12 months, with new Matangi trains brought into service and a contract signed for an additional 35 of them to be built over the next two years. The additional units will further enhance the reliability and functionality of our fleet.



The year also included the release of the Public Transport Spine Study for Wellington City. This identifies options to increase capacity and quality in the future, in particular focussing on relieving the bus congestion that is now a regular occurrence.

While not in the year under review, I can report here that one of the buildings affected by the recent earthquakes was the Council's own offices on Wakefield Street, with post-quake testing showing that the stairwells in the building were compromised.

The damage to the building has seen the organisation bring forward a planned move to new premises in Shed 39 at CentrePort. The move was originally scheduled for November, but most staff members have already relocated to the new building. We have a temporary public reception at Wellington City Council. Construction is being completed on Shed 39, and it is hoped that the new building will soon be open to the public for all council business, including Council meetings.

I am pleased to report the Council achieved a net operating surplus for the 2012/13 year, before fair value gains and losses and transport improvements of \$9.6m. This compares with a budgeted deficit of \$3.6m. A significant valuation change of \$111m is included, predominantly related to the revaluation of water supply assets. This now pushes the Council's assets, excluding subsidiaries, to over a billion dollars. This further enhances our strong balance sheet and assists in the maintenance of our AA Standard & Poor's credit rating. Given the majority of those assets are infrastructure related, the maintenance and renewal of such assets is a vital, costly and significant part of our ongoing spend.

I would like to thank all our staff for their hard work and perseverance during the past 12 months and I am looking forward to building on our successes next year.

**David Benham**



### **Executive Leadership Team**

**Chief Financial Officer**

Warren Tocker

**General Manager,  
Environment Management**

Nigel Corry

**General Manager,  
Public Transport**

Wayne Hastie

**General Manager,  
Water Supply**

Chris Laidlow

**General Manager,  
Strategy and Community Engagement**

Jane Davis

**General Manager,  
Catchment Management**

Wayne O'Donnell

**General Manager,  
People and Capability**

Leigh-Anne Buxton

**Pou Whakarae (Manager Māori Relations)**

Rick Witana

## Key achievements for 2012/13

### Regional leadership

In 2013 we reached a significant milestone in the relationship between the Council and the region's tangata whenua, with the signing of a Memorandum of Partnership which confirms Ara Tahi as the region's leadership forum and Te Upoko Taiao as the principle expression of shared environmental policy decision-making.

The new Wellington Region Emergency Management Office (WREMO) commenced business on 2 July 2012. WREMO responded to four regional and local events including the most significant storm to hit the region in several decades and was awarded three international awards from the International Association of Emergency.

The Wellington Public Transport Spine Feasibility Study was completed, having assessed more than 80 options for a future high quality, high frequency public transport system through Wellington City's central spine. Following extensive modelling and international evidence to provide a final analysis of the best three options, a Bus Rapid Transit system was found to deliver the highest benefit/cost ratio.

An independent panel headed by Sir Geoffrey Palmer and sponsored by GWRC and Porirua City Council considered future arrangements for local government in Wellington. Based on the Panel's findings a Working Party (with membership from GWRC, Porirua City Council, Kāpiti Coast District Council and Wellington City Council) carried out further work and prepared a submission for reorganisation to the Local Government Commission.

### Public transport

This was a significant year for public transport in the region, with all 48 of the new two-car Matangi trains in operational service, and the signing of a contract for the delivery of a further 35 two-car Matangi trains, as well as upgrades to the existing Matangi fleet. As part of the modernisation of the rail fleet, the sale of the Ganz Mavag fleet was agreed, and all English Electrics disposed of (sold, donated, and scrapped).

We also secured long-term access to the regional rail network with the signing of a 85 year track access agreement with KiwiRail, completed purchase of NZ Transport Agency land at Porirua for 'park and ride' facilities, and produced the first annual metro rail report.

We funded 1.1 million bus, rail, and ferry services and more than 35 million passenger trips, and continued to fund the Total Mobility Scheme which provides subsidised transport for people with disabilities, with 256,000 total mobility trips in 2012/13. The rollout of real-time information system for bus services has been completed, with information available through on-street platform display signs, on mobile phones and the internet. Electronic signs are operating on rail stations, and they will be showing real time later in 2013.

Work continued on the implementation of Public Transport Operating Model, which will involve developing new contracts for all public transport services in Wellington. Legislation providing for the new model was passed by Parliament in June 2013, and procurement guidelines are being developed by the NZ Transport Agency.

### Water supply

The past year has seen strong progress and many achievements in continuing to deliver a high-quality water supply. The threat of a serious water shortage gained headlines and public attention from late February, caused by summer's record-breaking dry spell in our water catchments while one of our storage lakes was empty for earthquake-strengthening. The upgrading of both lakes is almost finished and the storage capacity has been increased by 13% so a repeat of the water restrictions is much less likely.

Water use between December 2012 and February 2013 was already amongst the lowest seen in over 25 years, and public response to the raised threat of a shortage was outstanding. Overall, water use during 2012/13 hit its lowest level in over 25 years. Average daily supply was 136 million litres (ML), 1.8% less than

a year earlier.

Work is on-going on the options for emergency water sources that would provide a “survival” level of water following a major earthquake, including the possibility of a pipeline that would cross the harbour from Seaview to Wellington city. Negotiations are underway to purchase land at Kaitoke for future long-term water supply development purposes that could allow for up to three off-river storage lakes.

In 2012 we won a New Zealand Engineering Excellence Award for our part in developing a ground-breaking chemical process for water treatment, which has helped to cut chemical costs by almost 25%, as well as reducing chemical use and waste volumes.

### **Environment**

A collaborative consultation project to improve the health of Porirua Harbour has seen GWRC recognised with a best practice award by the New Zealand Planning Institute. Biodiversity staff worked with staff from Porirua City Council, Wellington City Council, Ngati Toa Rangatira and community groups for four years to deliver the Porirua Harbour and Catchment Strategy and Action Plan.

A water management strategy was implemented with a focus this year on consent holder compliance with the Resource Management (Measurement and Reporting of Water Takes) Regulations. Land and Environment Plans were introduced to encourage landowners to sustainably manage nutrient and sediment discharges on a catchment basis. Guidelines for assessing water takes were developed, and an earthworks site scoring system was developed to assist with compliance. A pilot programme to contract out part of our land development compliance monitoring programme was developed.

145 areas with high biodiversity value sites on GWRC, territorial authority and private land were actively managed to control threats to their ecological health, predominantly by controlling pest plants and animals. Additionally, draft 10-year biodiversity management plans were prepared for six regional parks.

The Regional Possum and Predator Control Programme commenced in Kapiti and Porirua (covering 12,300 ha) and continued in North Wairarapa (15,500 ha). Two large aerial 1080 control operations were successfully completed in the Wainuiomata / Orongorongo Catchment and the Otaki Buffer project.

### **Flood protection and control works**

Flood protection work continues, with good progress made over the past year. The Boulcott-Hutt Stopbank (part of the Hutt River Floodplain Management Plan) was substantially completed one year ahead of schedule.

Project scoping for the Hutt River City Centre Project was completed. One new access point has been developed on the south bank of the Otaki River as part of the Chrystalls land purchase.

### **Parks**

This year was significant for the 25th anniversary of the opening of the Rimutaka Rail Trail, and the 60th anniversary of Queen Elizabeth Park, both of which were celebrated with the community. 2012 also saw the historic Lower Dam at the Wainuiomata Recreation Area opened to public use.

A management plan for Baring Head / Oroua-pouanui was completed, which identifies significant features and the future management focus for this area of East Harbour Regional Park. Development of Parangarahu Lakes area co-management plan was commenced, with Amended Parks Network Plan to update Queen Elizabeth Park policies.

We also commenced review of track upgrade and development needs across the parks network, to increase opportunities for families and youth, and particularly relatively inactive people. A number of track upgrades were completed to improve access for a wider range of people.

## Financial overview

Council - Statement of comprehensive income	Council		
	2013 Actual \$000s	2013 Budget \$000s	2012 Actual \$000s
Operational Revenue	202,299	204,131	191,768
Finance costs	7,925	8,173	7,233
Operational expenditure	184,760	199,610	178,648
<b>Operational surplus / (deficit) for the year before transport</b>	9,614	(3,652)	5,887
Transport improvement grants and subsidies revenue	14,007	16,538	113,497
Transport improvement expenditure	(26,590)	(28,318)	(121,566)
<b>Net revenue / (expenditure) for transport improvements</b>	(12,583)	(11,780)	(8,069)
<b>Surplus / (deficit) for the year before tax and fair value gains / (losses)</b>	<b>(2,969)</b>	<b>(15,432)</b>	<b>(2,182)</b>
Fair value gains / (losses) in profit and loss	3,321	3,430	(3,343)
Tax	-	-	-
<b>Surplus / (deficit) after tax</b>	352	(12,002)	(5,525)
<b>Other comprehensive income</b>			
Increases / (decreases) in revaluations	111,102	-	50,563
Fair value movements in other comprehensive income	180	180	(2,363)
<b>Total comprehensive income / (deficit) for the year</b>	<b>111,634</b>	<b>(11,822)</b>	<b>42,675</b>

Greater Wellington's net operating surplus for the 2012/13 year before fair value gains and losses and transport improvements was \$9.614 million, compared with a budgeted deficit of \$3.652 million. Including the transport improvements, fair value movements and tax the net surplus was \$352,000, which is \$12.3 million ahead of budget.

In other comprehensive income, the five yearly revaluation of the Water and parks assets increased their value by \$111 million, which was a larger increase than expected over this time.

Significant components of this variance are:

### Grants and subsidies - Revenue and expenditure

Greater Wellington receives grant revenue to fund various transport programmes and projects. Revenue is only received when expenditure is incurred and grant revenue is \$6.3 million lower due to the lower transport expenditure including:

- Lower expenditure for purchase of Matangi trains of \$2.6 million due to a revised payment schedule.
- Lower expenditure on the Wellington Depot upgrades, \$1.3 million. This work is expected to be completed in 2013/14.
- Lower trolley bus infrastructure renewals expenditure \$3.4 million. This work is currently being reviewed.
- Lower rail contract expenditure of \$5.5m because of higher than budgeted fare revenue and savings in rail operating costs.
- Lower diesel bus operations expenditure of \$1.1m as contractual inflation payments have been lower than expected.
- Lower expenditure on rail contracting. This expenditure has been delayed but will be required prior to the expiry of the current contracts in June 2016

Grant revenue for the Wairarapa Water Use Project was reclassified from Capital expenditure to Operational expenditure, \$0.4 million

#### Other Revenue

- Interest revenue from investments was \$1.3 million higher due to higher cash balances being held at the end of last year for the Matangi 1 project.

#### Finance Costs

Finance costs were lower than budget due to the lower level of capital expenditure compared to budget and favourable interest rates.

#### Asset Revaluations

Asset revaluations are typically done every five years and the revaluation of Water, parks and forests assets resulted in an \$111 million increase in the value of these assets. This was larger than expected which emphasises the on-going financial challenge of building and replacing key infrastructure for the region.

#### Council - Statement of financial position

	Council		
	2013 Actual \$000s	2013 Budget \$000s	2012 Actual \$000s
Current assets	78,708	82,431	83,030
Non-current assets	948,550	831,159	833,028
Total assets	<b>1,027,258</b>	<b>913,590</b>	<b>916,058</b>
Equity	827,628	681,421	715,994
Current liabilities	99,153	76,643	72,135
Non-current liabilities	100,477	155,526	127,929
Net equity and liabilities	<b>1,027,258</b>	<b>913,590</b>	<b>916,058</b>

**Fran Wilde**  
*Chair*  
date

**David Benham**  
*Chief Executive*  
date

**Warren Tocker**  
*Chief Financial Officer*  
date

#### Cash and cash equivalents and other financial assets

Cash and other financial deposits held at balance date is lower than budget by \$38.3 million, this is due to the prefunding balances held for the Matangi 1 project at the end of last year were utilised during the year and some cash contingency funds being placed on a longer term deposit than last year end.

#### Investment in subsidiaries

Council share of the new rail rolling stock and is funded by way of share capital in Greater Wellington Rail Limited. The timing of the expenditure on the Matangi trains is different to budget noted above. This movement for the year is attributed solely to share capital called of \$8.9 million compared to a budget of \$14.9 million.

#### Property, plant and equipment – capital expenditure

Delays in the land purchase for the 3rd Water Supply lake, budgeted at \$4 million, were offset by \$2.5m expenditure on the Boulcott / Hutt stop bank which was brought forward from 2013/14. Overall capital expenditure was \$27 million

#### Property, plant and equipment valuation

The revaluation of the Water parks and forests infrastructure assets added \$111 million to the value of these assets.

#### Debt

Debt is \$13 million below budget, primarily due to the lower level of capital expenditure compared to budget and utilising prefunded cash balances for last year end to fund the Matangi rolling stock owned by Greater Wellington Rail Limited.

**Council - Statement of cash flows**

Cashflows from operating activities	(30,954)	(2,197)	15,034
Cashflows from investing activities	(50,251)	(44,025)	(23,935)
Cashflows from financing activities	41,871	52,754	18,023
Net increase (decrease) in cash, cash equivalents and bank overdraft	(39,334)	6,532	9,122
Opening cash equivalents	47,669	40,111	38,547
Closing cash equivalents	<b>8,335</b>	<b>46,643</b>	<b>47,669</b>

	Council		
	2013	2013	2012
	Actual	Budget	Actual
	\$000s	\$000s	\$000s
Cashflows from operating activities	(30,954)	(2,197)	15,034
Cashflows from investing activities	(50,251)	(44,025)	(23,935)
Cashflows from financing activities	41,871	52,754	18,023
Net increase (decrease) in cash, cash equivalents and bank overdraft	(39,334)	6,532	9,122
Opening cash equivalents	47,669	40,111	38,547
Closing cash equivalents	<b>8,335</b>	<b>46,643</b>	<b>47,669</b>

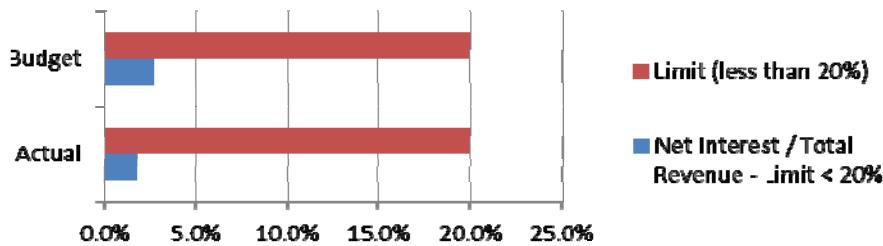
Actual cash flow from operations is a lot lower than budget due to funding the council share of the transport improvements. This was primarily funded from the prefunding put in place in 2011/12 resulting in a lower cash equivalents balance at year end.

### Financial Strategy limits

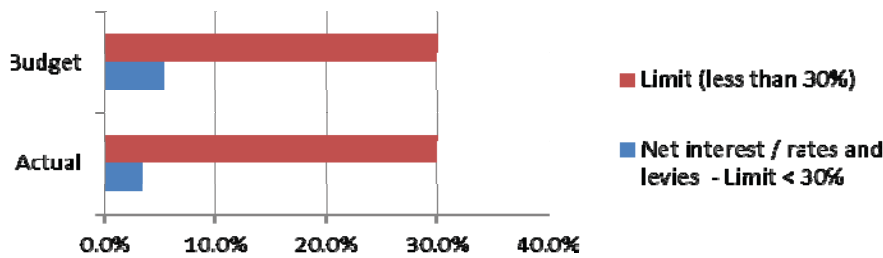
The goal of our financial strategy is to ensure GWRC delivers good value for ratepayers' money by delivering the right services at the best cost. The strategy encompasses key financial limits that the Council has adopted.

The following graphs show that the council is being managed well within these prudent financial limits

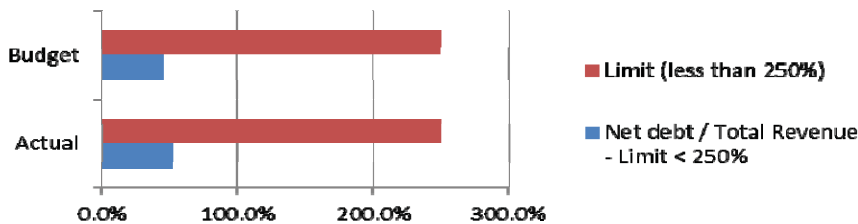
Net interest / Total revenue - Limit < 20%



Net interest / Rates and levies - Limit < 30%

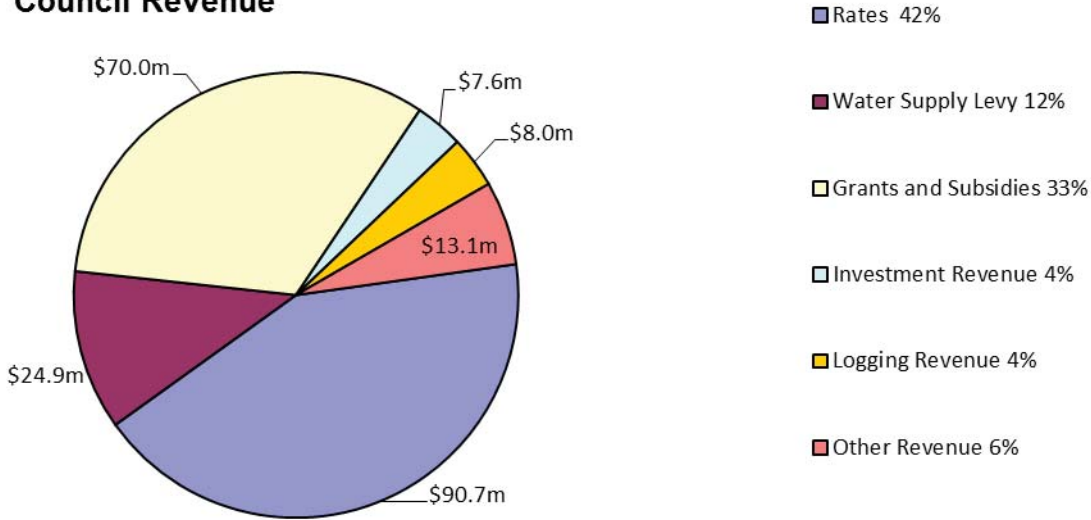


Net debt / Total revenue - Limit < 250%



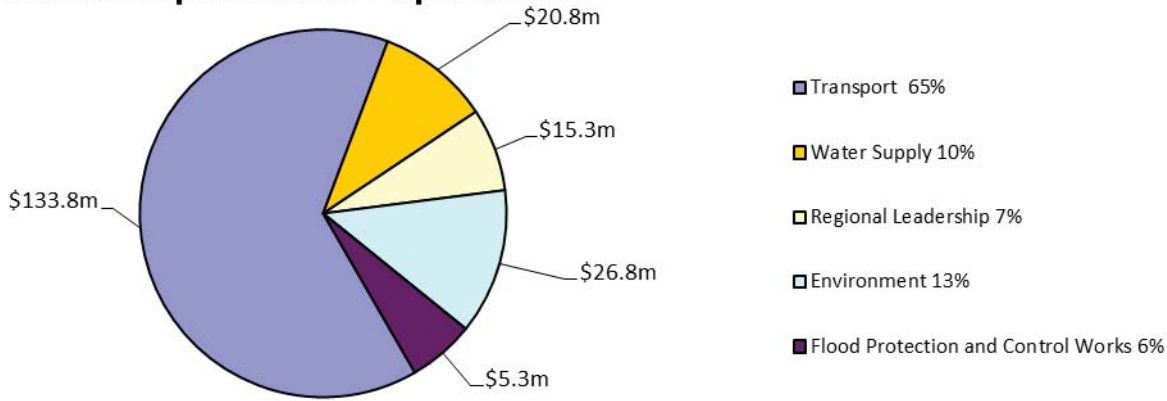
# Council Revenue and expenditure

## Council Revenue



This pie chart illustrates Greater Wellington's source of revenue. Rates made up 42.0% of our revenue in 2013. Grant and subsidies, predominately from Central Government for public transport makes up the next largest share at 33%.

## Council Operational Expenditure

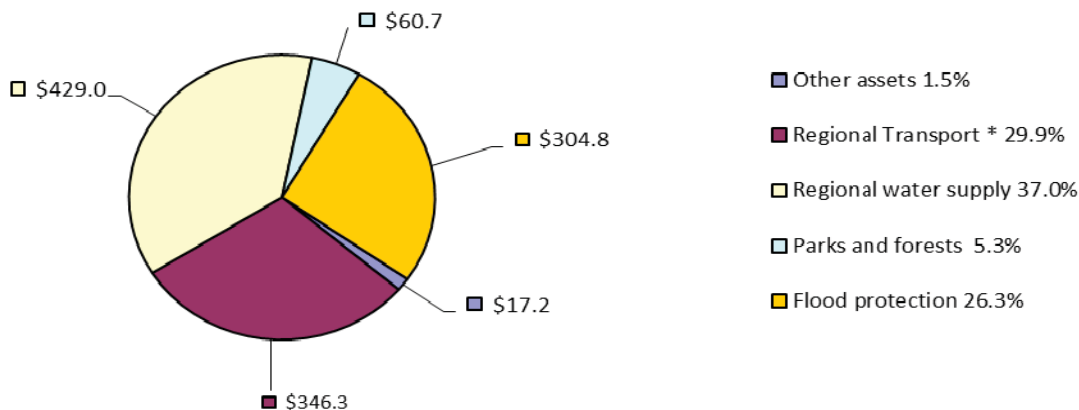


\* Includes \$26m of expenditure on transport improvements

This pie chart illustrates Greater Wellington's operational expenditure by outcome. The largest portion is for public transport, which includes \$26 million being invested in rail rolling stock and network improvements during 2013. This expenditure is treated as operational expenditure at Council level, but capital expenditure at the group level.

# Assets and Capital expenditure

Council property, plant & equipment (\$ millions)



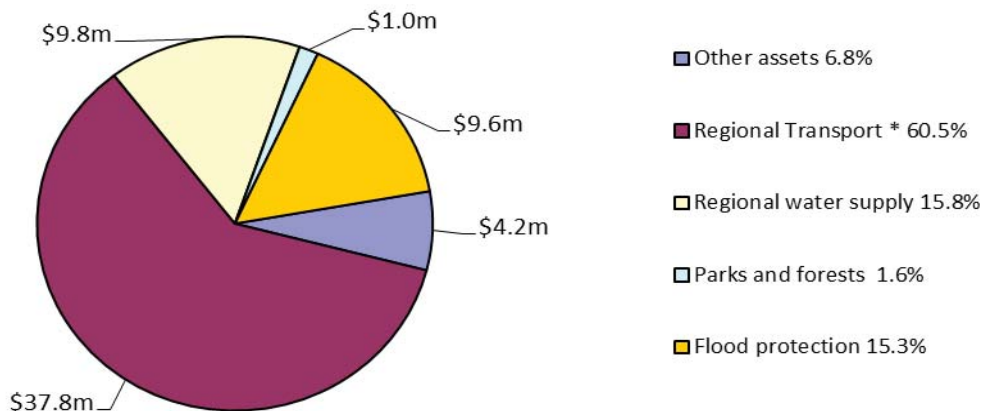
This pie chart shows the breakdown of our assets at the year end.

Greater Wellington looks after many important community assets. Our asset base consists of regional water supply, regional parks and forests, flood protection and, increasingly, public transport. The new Matangi trains, the Ganz Mavag trains and all stations excluding Wellington station are owned by the Greater Wellington subsidiary, Greater Wellington Rail Limited and are included in the above numbers.

Continued management and investment in these assets is essential. Greater Wellington maintains and updates detailed asset management plans to ensure we look after these assets on behalf of the community.

\* Public Transport includes \$333.5 m of rail rolling stock railway station infrastructure owned by Greater Wellington Rail Limited, a Council subsidiary

Council capital expenditure (\$ millions)



\* Includes \$121.6 million of transport improvements which are treated as operational expenditure in Council's accounts.

This pie chart shows the breakdown of the \$62.5 million in capital and improvement expenditure for the year ended 30 June 2013. The transport number includes \$35 million of transport improvements which are treated as operational expenditure in council accounts. It is included in the above graph to illustrate the extent of this years' investment in public transport.



## Financial Overview - Group

Group - Statement of comprehensive income	Group	
	2013	2012
	Actual \$000s	Actual \$000s
Operational Revenue	268,717	253,331
Finance costs	17,089	16,463
Operational expenditure	257,715	234,707
<b>Operational surplus / (deficit) for the year before transport</b>	<b>(6,087)</b>	<b>2,161</b>
Transport improvement grants and subsidies revenue	14,007	113,497
Transport improvement expenditure	(1,385)	(6,993)
<b>Net revenue / (expenditure) for transport improvements</b>	<b>12,622</b>	<b>106,504</b>
<b>Surplus / (deficit) for the year before tax and fair value gains / (losses)</b>	<b>6,535</b>	<b>108,665</b>
Fair value gains / (losses) in profit and loss	10,161	(21,329)
Tax	-	364
<b>Surplus / (deficit) after tax</b>	<b>16,696</b>	<b>87,700</b>
<b>Other comprehensive income</b>		
Increases / (decreases) in revaluations	105,137	45,763
Fair value movements in other comprehensive income	489	(2,363)
<b>Total comprehensive income / (deficit) for the year</b>	<b>122,322</b>	<b>131,100</b>

Group - Statement of financial position	Group	
	2013	2012
	Actual \$000s	Actual \$000s
Current assets	98,756	96,798
Non-current assets	1,515,023	1,403,177
<b>Total assets</b>	<b>1,613,779</b>	<b>1,499,975</b>
Equity	1,160,602	1,042,732
Current liabilities	106,944	84,162
Non-current liabilities	346,233	373,081
<b>Net equity and liabilities</b>	<b>1,613,779</b>	<b>1,499,975</b>

Group - Statement of cash flows	Group	
	2013	2012
	Actual \$000s	Actual \$000s
Cashflows from operating activities	(16,255)	29,023
Cashflows from investing activities	(65,946)	40,126
Cashflows from financing activities	42,935	(60,683)
Net increase (decrease) in cash, cash equivalents and bank overdraft	(39,266)	8,466
Opening cash equivalents	48,385	39,919
<b>Closing cash equivalents</b>	<b>9,119</b>	<b>48,385</b>

The Group results include CentrePort Limited, Grow Wellington Limited, WRC Holdings Limited, Pringle House Limited, Port Investments Limited and Greater Wellington Rail Limited.

# Independent Auditor's report

XXX

This is a summary of Greater Wellington's activities for the year 1 July 2012 to 30 June 2013. The information has been extracted from our Annual Report 2012/13, which was authorised for issue by the Chair, Chief Executive and Chief Financial Officer on XXXXX. It has been prepared in accordance with FRS-43: Summary Financial Statements. The annual report contains detailed information about our finances and service performance. Audit NZ has audited the full financial statements and issued an unqualified report. This summary has been examined by Audit NZ for consistency with the full annual report. These summary financial statements are presented in New Zealand dollars rounded to the nearest thousand.

GWRC is a public benefit entity for financial reporting purposes. The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice, and comply with New Zealand Equivalents to IFRS and other applicable Financial Reporting Standards, as appropriate for public benefit entities. The financial statements include a Statement of Compliance to this effect. A summary report cannot be expected to provide as complete an understanding of GWRC's activities as provided by the full annual report. For the full Annual Report 2012/13, please see [www.gw.govt.nz](http://www.gw.govt.nz) or phone 0800 496 734.

For more information, contact Greater Wellington Regional Council

Wellington office PO Box 11646 Manners Street Wellington 6142	0800 496 734 info@gw.govt.nz www.gw.govt.nz	[facebook] [twitter]	[recycling logo]  October 2013 xxxxxxxxxxxx
--	---	-------------------------	--





Reserve	Closing Balance Opening Balance	Adjusted Transfer to Reserves	Transfer to Reserves	Difference	Notes	Adjusted Transfer from Reserves	Transfer from Reserves	Difference	Notes
Rebudget 12/13 Waiohine stopbank design	185,000	185,000		185,000	A22	88,141	88,141		
Rebudget 12/13 Wairarapa Accommodation Project Capex	8,676	8,676		8,676	A23				
Rebudget to 2013/14 - Integrated Ticketing	40,000	40,000		40,000	A24				
Rebudget to 2013/14 - PT Plan Revision	19,000	19,000		19,000	A25				
Rebudget 13/14 Parks Policy wbs	99,000	99,000		99,000	A26				
Rebudget 13/14 Strategic Planning Manager CC	19,000	19,000		19,000	A27				
Rebudget 13/14 Hutt Water Collection Area Pest Animals	110,000	110,000		110,000	A28				
Rebudget 13/14 Kaitoke Regional Park-Te Marua Pest Animals	5,250	5,250		5,250	A29				
Rebudget 13/14 Biodiversity Management Areas Legal Protection	403	403		403	A30				
Rebudget 13/14 Transport Model CAPEX.	806	806		806	A31				
Rebudget 13/14 Kaitoke intake Improvements 2011	2,216	2,216		2,216	A32				
Rebudget 13/14 Kaitoke Strainers Replace 2011	2,418	2,418		2,418	A33				
Rebudget 13/14 Te marua Filter to Waste Improvements	1,209	1,209		1,209	A34				
Rebudget 13/14 Upgrade Reservoirs to DC Control	3,627	3,627		3,627	A35				
Rebudget 13/14 Telemetry IP repeater upgrade investigat	140,000	140,000		140,000	A36				
Rebudget 13/14 Reservoir Inlet Standpipes	8,750	8,750		8,750	A37				
Rebudget 13/14 Land Purchase Lake 3	300,000	300,000		300,000	A38				
Rebudget 13/14 Wairarapa Water Use Project									
Rebudget 13/14 WREMO									
<b>TOTAL DEPARTMENT RESERVES</b>	<b>25,490,945</b>	<b>3,866,733</b>	<b>(2,653,227)</b>	<b>6,519,961</b>		<b>(2,579,789)</b>	<b>(2,219,434)</b>	<b>(360,356)</b>	

## Explanation of Unbudgeted Reserve Movements

A1	Funding surplus for the year transferred to reserves
A2	Funding surplus for the year transferred to Awhea catchment scheme
A3	Additional maintenance expenditure on the Whareama catchment scheme
A4	Additional maintenance expenditure on the Mataikona catchment scheme
A5	Additional maintenance expenditure on the Maungaraki catchment scheme
A6	Additional maintenance expenditure on the Kaiwhata catchment scheme
A7	Funding surplus for the drainage schemes
A8	Additional maintenance expenditure on River LWVD-Opex scheme
A9	Funding surplus for the year transferred to the River Waiohine-Opex scheme
A10	Funding surplus for the year transferred to the Gladstone scheme
A11	Funding surplus for the year transferred to the River Waipoua scheme
A12	Funding surplus for the year transferred to the River Waingawa scheme
A13	Funding surplus for the year transferred to the Te Ore Ore scheme
A14	Funding surplus for the year transferred to the Mt Bruce scheme
A15	Funding surplus for the year transferred to the Kopuaranga scheme
A16	Funding surplus for the year transferred to the Kapiti Coast river rate reserve
A17	Funding surplus for the year transferred to the Porirua City river rate reserve
A18	Funding surplus for the year transferred to the Upper Hutt City river rate reserve
A19	Funding surplus for the year transferred to the Wellington City river rate reserve
A20	Funding surplus for the year transferred to WRS office Reserve
A21	Funding surplus for the year transferred to Grow Wellington Reserve
A22	Delay to the commencement of the integrated ticketing and fares investigation to 2013/14
A23	Delay to the commencement of the new Regional Public Transport Plan to 2013/14
A24	Additional considerations due to Parangarahu Lakes Management have delayed the project
A25	Manager's vehicle does not meet replacement criteria and has been deferred
A26	Project delayed to 2013/14 to coincide with project Kaka
A27	Project delayed to 2013/14 to coincide with Hutt Water Collection animal control and project
A28	Balance of QEII covenant commitments
A29	Freight Matrix implementation is taking longer than expected
A30	Project reprioritised to 2013/14
A31	Project reprioritised to 2013/14
A32	Project reprioritised to 2013/14
A33	Project reprioritised to 2013/14
A34	Project reprioritised to 2013/14
A35	Project reprioritised to 2013/14
A36	Project delayed as negotiations with seller continue
A37	Finance costs of loan deferred to 13/14
A38	Inception year costs for WREMO lower than expected, retained as TA contributions
B1	Funding surplus applied to Sustainable Transport reserve
B2	Additional operation expenditure funded from Transport Planning Reserve
B3	Additional operational expenditure transferred from the Bovine TB reserve
B4	Additional maintenance expenditure on the Homewood catchment scheme
B5	Reduced shingle revenue funded from Wairarapa scheme reserve
B6	Funding surplus for the year transferred to the River Lower Taueru river rate reserve
B7	Additional maintenance expenditure funded from the River Lower Whangaehu river rate reserve
B8	Additional operational expenditure transferred from the Workshop reserve
B9	Additional capital expenditure transferred from the Akura Reserve
B10	Capital expenditure at Ngaumutawa Road transferred from the BioWorks reserve
B11	Additional maintenance expenditure on River Rate Reserve-Hutt City scheme
B12	Transfer to offset unbudgeted legal costs on RONS projects
B13	Delays in PC renewal project resulting in lower funding requirements