

SECTION 6

Council Controlled Organisations and Investments

Tā te Kaunihera Rōpū me ngā Mahi Haumi

GWRC has a significant portfolio of investments, comprising:

- Equity investments in the WRC Holdings Group (including GW Rail Ltd and CentrePort Ltd)
- Local Government Funding Agency
- Wellington Water Ltd
- WREDA
- Liquid financial deposits
- Contingency Investments for Flood Protection and Water
- Material Damage and Business Interruption Fund
- Administrative properties (e.g. depots)

COUNCIL CONTROLLED ORGANISATIONS AND INVESTMENTS

GWRC's approach to managing investments is to regularly assess the expected returns on those investments, be mindful of the risk and balance these against returns received. 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 and that those risks are likely to be outweighed by the returns received. From a risk management point of view, GWRC 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.

Our investments, and particularly the investment in CentrePort, undergo a periodic detailed review to ensure that they continue to fit within the requirements of Local Government Act, which was amended in December 2012.

Investments offset the need for rates revenue. Regional rates would need to be 5% higher without the revenue from GWRC's investments.

TREASURY MANAGEMENT

GWRC'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. Any surplus is used to offset regional rates.

LOCAL GOVERNMENT FUNDING AGENCY

GWRC is a founding shareholder in the Local Government Funding Agency (LGFA). The LGFA was established by statute in December 2011, and GWRC has a \$1.86 million share investment 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. GWRC will source term debt requirements from the LGFA and receives an annual dividend. As part of the arrangement, GWRC has guaranteed the debt obligations of the LGFA along with the other shareholders of the LGFA in proportion to its level of rates revenue. GWRC 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.

WELLINGTON WATER LIMITED

Wellington Water Limited was established in September 2014 and combines the operation of Capacity Limited and the former Water Division of GWRC. GWRC is a 20% shareholder of the company. Through the creation of the new entity, all functions around the management of fresh water supply, waste water and storm

water are combined in one entity. Other shareholders are Wellington City Council, Hutt City Council, Upper Hutt Council and Porirua City Council.

LIQUID FINANCIAL DEPOSITS

GWRC 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.

GWRC regularly reviews the rationale for holding these liquid financial deposits, taking into account the general provisions of our Treasury Risk Management Policy, including GWRC's attitude to risk and creditworthy counterparties.

CONTINGENCY INVESTMENTS FOR FLOOD PROTECTION AND WATER

GWRC holds a number of short term contingency investments. They have been established with the purpose of having funds available to pay for the uninsured part of the damage to water and flood protection assets in case a disaster (earthquake, major floods etc.) strikes.

This Fund enables Council to retain higher insurance excesses, and thus lower insurance premiums, with the comfort of having funds available to meet a seismic or flood event.

MATERIAL DAMAGE AND BUSINESS INTERRUPTION FUND

Proceeds from the recent sale of the cutting rights to the Council's forests have been used to repay forestry debt with the balance used to establish a Material Damage & Business Interruption Fund. This Fund enables GWRC to retain higher insurance excesses, and thus lower insurance premiums, with the comfort of having funds available to meet a seismic event.

ADMINISTRATIVE PROPERTIES

Our interests in the Upper Hutt and Mabey Road depots and the Masterton office building are grouped to form the investment category Administrative Properties.

Provision has been made in the 10 Year Plan for construction of a new Masterton building to begin in 2017/18 if required.

CIVIC ASSURANCE AND AIRTEL LTD

GWRC has minor equity interests in Civic Assurance and Airtel Ltd. These investments are owned directly by Council rather than via the WRC Holdings Group.

WELLINGTON REGIONAL ECONOMIC DEVELOPMENT AGENCY (WREDA)

The Agency will bring together the tourism venues, major events and economic development services of both Wellington City Council (WCC) and GWRC to provide a single development agency for the Wellington region. Grow Wellington which was a 100% Council Controlled Organisation owed by GWRC will be sold and absorbed into this agency. WREDA is owned 80% by WCC and 20% by GWRC on behalf of the region.

WELLINGTON REGIONAL STADIUM TRUST (WRST)

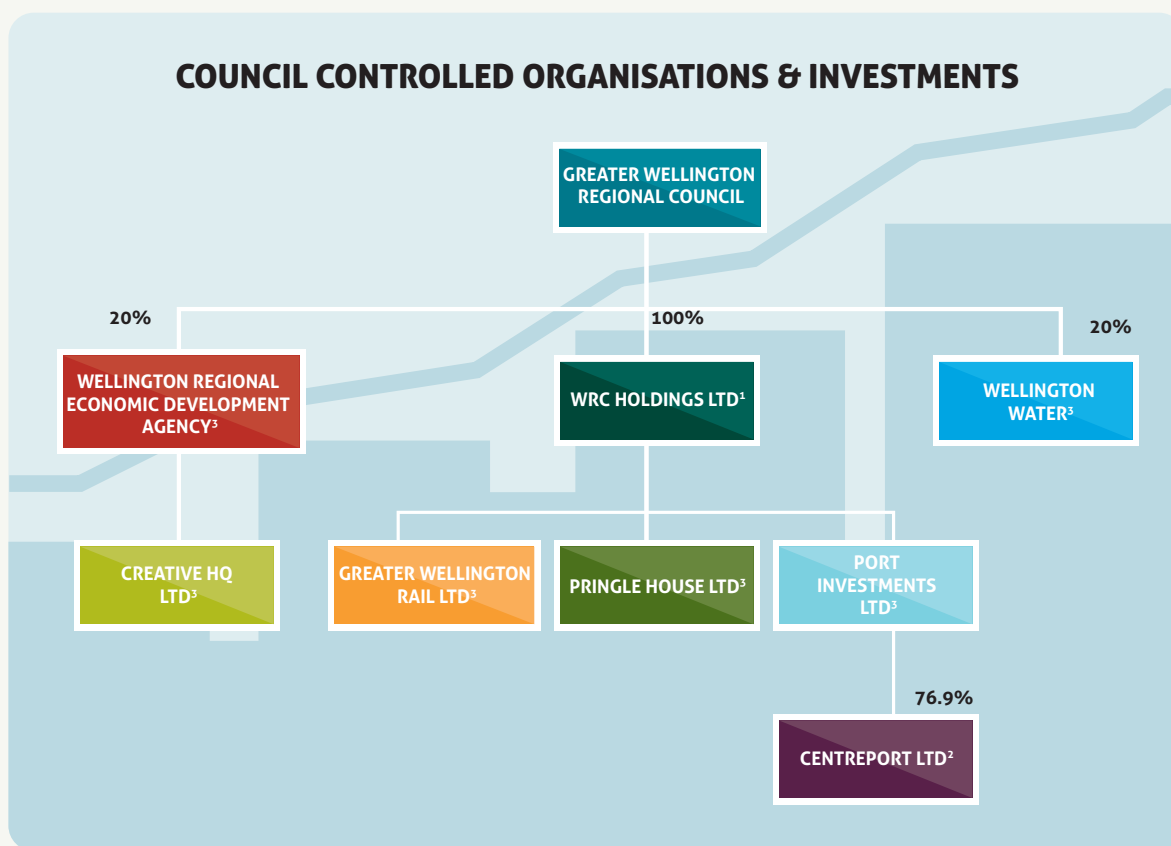
The WRST manages a regional facility that provides a high-quality, multi-purpose venue for sporting and cultural events.

GWRC provided a \$25 million loan to the WRST to plan and build the stadium. GWRC is the Trust's principal funder. GWRC services and repays this loan through a targeted stadium rate.

GWRC appoints one of its Councillors to the WRST and, jointly with the Wellington City Council, appoints other trustees. GWRC also monitors the Trust's performance against its Statement of Intent.

COUNCIL-CONTROLLED ORGANISATION STRUCTURE

Council-Controlled Organisations are any organisation (trading or not) where one or more local authority own or control 50% or more of the voting rights or appoint 50% or more of the directors. GWRC has established the following Council-Controlled Organisations (CCOs) and Council-Controlled Trading Organisations (CCTOs) which assist in promoting our objectives for the region. The tables on the following pages explain what these organisations do, how their performance is measured and GWRC's objectives for them with regards to ownership and control.



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

Organisation	WRC Holdings Ltd																																																						
Ownership	100%																																																						
Directors	Prue Lamason (Chair) Fran Wilde (Deputy Chair) Peter Blades Barbara Donaldson Paul Swain																																																						
Nature and scope of activities	WRC Holdings Ltd is the holding company for Pringle House Ltd, Port Investments Ltd, Greater Wellington Rail Ltd and indirectly CentrePort Ltd. WRC Holdings Ltd effectively manages any other investments held by the Group in order to maximise the commercial value to the shareholders and to protect the shareholders' investment.																																																						
Significant policies and objectives on ownership & control	The primary objectives of WRC Holdings Ltd are to support GWRC's strategic vision and operate successful, sustainable and responsible businesses, manage its assets prudently and, where appropriate, provide a commercial return. WRC Holdings Ltd has adopted policies that prudently manage risks and protect the investment.																																																						
Key annual objectives and performance targets	Operational performance targets: <ul style="list-style-type: none"> WRC Holdings Ltd to act as a responsible and inquiring shareholder and to hold meetings at least six times a year to review the operation and financial position of the company. <table border="1"> <thead> <tr> <th>WRC Holdings Group Ltd financial performance targets</th> <th>2015/16</th> <th>2016/17</th> <th>2017/18</th> </tr> </thead> <tbody> <tr> <td>Surplus/(Deficit) before tax (\$000s)</td> <td>586</td> <td>(2,410)</td> <td>(1,559)</td> </tr> <tr> <td>Surplus after tax</td> <td>2,170</td> <td>(115)</td> <td>525</td> </tr> <tr> <td>Earnings before interest , tax and depreciation</td> <td>32,955</td> <td>35,244</td> <td>37,621</td> </tr> <tr> <td>Return on total assets</td> <td>1.4%</td> <td>1.0%</td> <td>1.2%</td> </tr> <tr> <td>Return on shareholders' equity</td> <td>(0.3%)</td> <td>(0.7%)</td> <td>(0.7%)</td> </tr> <tr> <td>Shareholders' equity to total assets</td> <td>59.0%</td> <td>62.5%</td> <td>63%</td> </tr> <tr> <td>Dividends</td> <td>2,557</td> <td>2,722</td> <td>3,023</td> </tr> </tbody> </table> <p>Comment: The net deficit before tax is due to the results of Greater Wellington Rail Limited (GWRL), which runs a deficit equivalent to its depreciation as this is not funded. This is offset by a surplus from CentrePort. This in turn impacts the return on equity.</p> <table border="1"> <thead> <tr> <th>WRC Holdings Ltd Parent financial performance targets</th> <th>2015/16</th> <th>2016/17</th> <th>2017/18</th> </tr> </thead> <tbody> <tr> <td>Dividend distribution (\$000s)</td> <td>2,555</td> <td>2,722</td> <td>3,023</td> </tr> <tr> <td> <ul style="list-style-type: none"> Dividend distribution (%) Return on equity¹ Return on assets² </td> <td>100%</td> <td>100%</td> <td>100%</td> </tr> <tr> <td></td> <td>1.6%</td> <td>1.2%</td> <td>1.2%</td> </tr> <tr> <td></td> <td>2.2%</td> <td>1.7%</td> <td>1.0%</td> </tr> </tbody> </table>			WRC Holdings Group Ltd financial performance targets	2015/16	2016/17	2017/18	Surplus/(Deficit) before tax (\$000s)	586	(2,410)	(1,559)	Surplus after tax	2,170	(115)	525	Earnings before interest , tax and depreciation	32,955	35,244	37,621	Return on total assets	1.4%	1.0%	1.2%	Return on shareholders' equity	(0.3%)	(0.7%)	(0.7%)	Shareholders' equity to total assets	59.0%	62.5%	63%	Dividends	2,557	2,722	3,023	WRC Holdings Ltd Parent financial performance targets	2015/16	2016/17	2017/18	Dividend distribution (\$000s)	2,555	2,722	3,023	<ul style="list-style-type: none"> Dividend distribution (%) Return on equity¹ Return on assets² 	100%	100%	100%		1.6%	1.2%	1.2%		2.2%	1.7%	1.0%
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2 Based on earnings before interest and tax and dividend by average assets

Organisation	Greater Wellington Rail Ltd (GWRL)			
Ownership	100%			
Directors	Prue Lamason (Chair) Fran Wilde (Deputy Chair) Peter Blades Barbara Donaldson Paul Swain			
Nature and scope of activities	<p>Greater Wellington Rail Ltd owns GWRC's investments in metro rail assets, which includes:</p> <ul style="list-style-type: none"> • 18 SW Carriages • 6 SE Carriages • 1 AG Luggage van • 27 Ganz Mavag units • 48 Matangi units • Thorndon electrical multiple unit depot and train wash, Metro wheel lathe and building • 48 - Rail stations (excluding Wellington Central Station) • 14 - Pedestrian over-bridges • 13 - Pedestrian underpasses • Various carparks, other station improvements and ancillary rail related assets <p>Greater Wellington Rail Ltd is responsible for all aspects of asset management and stewardship, implemented through a management contract with GWRC.</p> <p>Operational delivery of the services is through separate maintenance and operating contracts with KiwiRail.</p> <p>An asset management plan has been developed that articulates a structured programme to minimise the life cycle costs of asset ownership while maintaining the desired levels of service and sustaining the assets.</p>			
Significant policies and objectives on ownership & control	GWRL is owned by WRC Holdings Ltd. All capital purchases are funded via issuance of shares from WRC Holdings. The Board of GWRL has external directorships providing advice and expertise, in common with WRC Holdings. GWRL is an asset holding (rolling stock and rail infrastructure) and contracts out the maintenance of these assets. GWRL is wholly owned by WRC Holdings who in turn is wholly owned by Wellington Regional Council.			
Key annual objectives and performance targets	Financial performance targets:	2015/16	2016/17	2017/18
	• Return on equity ¹	(4.6)%	(4.9)%	(5.1)%
	• Return on assets ²	(3.7)%	(4.2)%	(4.3)%
	The negative returns relate to the fact that depreciation is not funded in GWRL.			

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

Organisation	Greater Wellington Rail Ltd (GWRL)																			
Operational performance targets	<p>Long Term Plan</p> <ul style="list-style-type: none"> • Average condition ratings for rolling stock: • Electric multiple unit (EMU) fleet – ≤2.5 • Carriage fleet – ≤2.5 • Average condition ratings for buildings and structures – 2.5/5.0* • Average condition rating for car parks – ≤ 2.5/5.0* <p>From the asset management plan</p> <ul style="list-style-type: none"> • Rail assets are maintained in accordance with the maintenance schedules • Mean distance between failure (MDBF) <table border="1" style="margin-left: 40px;"> <thead> <tr> <th></th> <th>2015/16 (km)</th> <th>2016/17 (km)</th> <th>2017/18 (km)</th> </tr> </thead> <tbody> <tr> <td>Matangi fleet</td> <td>35,000</td> <td>37,500</td> <td>40,000</td> </tr> <tr> <td>Ganz fleet</td> <td>8,500</td> <td>n/a</td> <td>n/a</td> </tr> <tr> <td>Carriage fleet</td> <td>45,000</td> <td>45,000</td> <td>45,000</td> </tr> </tbody> </table> <p>Other measurable targets</p> <ul style="list-style-type: none"> • Deliver the second tranche of Matangi trains and M1 retrofit programme in accordance with the supply contract. • Deliver train maintenance services within approved budgets through a contract with KiwiRail ensuring that train availability and reliability targets are met. • Deliver infrastructure cleaning, maintenance and security services within approved budgets through various contracts ensuring asset condition does not deteriorate. • Implement year four of the five year renewals and like for like replacement programme in accordance with the asset investment priority framework. • Maximise leasing and advertising revenue streams (within overall Council policy) <p>*The scoring grades for assets is on a scale of 1-5 , with 1 being excellent and 5 being extremely poor.</p>					2015/16 (km)	2016/17 (km)	2017/18 (km)	Matangi fleet	35,000	37,500	40,000	Ganz fleet	8,500	n/a	n/a	Carriage fleet	45,000	45,000	45,000
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Matangi fleet	35,000	37,500	40,000																	
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Organisation	Pringle House Ltd (PHL)
Ownership	100%
Directors	Prue Lamason (Chair) Fran Wilde (Deputy Chair) Peter Blades Barbara Donaldson Paul Swain
Nature and scope of activities	PHL owns and operates the Regional Council Centre at 142-146 Wakefield Street, Wellington. The Regional Council Centre is presently under a confidential sale and Purchase Agreement. The sale price assumes the assets and liabilities of the company will be met out of the proceeds.
Significant policies and objectives on ownership & control	The purpose of having the company is to separate the commercial assets from the public good assets of Council. The company is wholly owned by WRC Holdings who in turn is wholly owned by Wellington Regional Council. WRC Holdings Ltd has adopted policies that prudently manage risks and protect the investment.
Key annual objectives and performance targets	Financial performance targets: <ul style="list-style-type: none"> No financial performance targets are set as the Pringle House building is in the process of being sold.

Organisation	Port Investments Ltd (PIL)																				
Ownership	100%																				
Directors	Prue Lamason (Chair) Fran Wilde (Deputy Chair) Peter Blades Barbara Donaldson Paul Swain																				
Nature and scope of activities	Port Investments Ltd is an investment vehicle that owns 76.9% of CentrePort Ltd. The board of Port Investments Ltd monitors performance of CentrePort.																				
Significant policies and objectives on ownership & control	PIL is owned by WRC Holdings Ltd. Its sole asset is a majority shareholding in CentrePort limited. PIL manages the Councils commercial investment. The Board of PIL has external directorships providing advice and expertise, common with WRC Holdings. The purpose of having the company is to separate the commercial assets from the public good assets of Council. PIL monitors CentrePort via its annual Statement of Corporate Intent. PIL is wholly owned by WRC Holdings who in turn is wholly owned by Wellington Regional Council.																				
Key annual objectives and performance targets	PIL is to act as a responsible and inquiring shareholder of CentrePort. CentrePort to report at least four times a year to PIL and for the Board of PIL to approve significant transactions of CentrePort as determined by the Constitution. Financial performance targets: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th></th> <th>2015/16</th> <th>2016/17</th> <th>2017/18</th> </tr> </thead> <tbody> <tr> <td>• Dividend distribution (\$000s)</td> <td>2,741</td> <td>2,910</td> <td>3,217</td> </tr> <tr> <td>• Dividend distribution (%)</td> <td>100%</td> <td>100%</td> <td>100%</td> </tr> <tr> <td>• Return on equity¹</td> <td>104.4%</td> <td>110.9%</td> <td>122.6%</td> </tr> <tr> <td>• Return on assets²</td> <td>9.5%</td> <td>10.1%</td> <td>6.5%</td> </tr> </tbody> </table>		2015/16	2016/17	2017/18	• Dividend distribution (\$000s)	2,741	2,910	3,217	• Dividend distribution (%)	100%	100%	100%	• Return on equity ¹	104.4%	110.9%	122.6%	• Return on assets ²	9.5%	10.1%	6.5%
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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

Organisation	CentrePort Ltd																					
Ownership	76.9% by GWRC 23.1% by MWRC Holdings Ltd (owned by Horizons Regional Council)																					
Directors	Warren Larsen (Chair) Richard Janes John Monaghan	David Benham Malcolm Johnson Mark Petersen																				
Nature and scope of activities	<p>The major activities of CentrePort are:</p> <ul style="list-style-type: none"> • 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). 																					
Significant policies and objectives on ownership & control	CentrePort is Port Company under the Port Companies Act 1988. PIL holds the shares of CentrePort Limited. PIL is a wholly owned subsidiary of WRC Holdings. CentrePort is a commercial organisation and is run by an independent board of directors, unrelated to the Council. The Port provides a commercial return to PIL by way of dividends.																					
Key annual objectives and performance targets	<p>Safety and Security performance targets</p> <ol style="list-style-type: none"> a. Year on year improvement towards zero harm. b. Implementation of the five year Health & Safety action plan. c. Maintain the tertiary level of compliance with the ACC Workplace Safety Management Practices Programme and comply with the AS/NZS 4801: Occupational Health and Safety Management Systems. d. Annual review of Health and Safety Policy and Plan. e. Undertake risk assessments and implement any mitigating procedures relating to the Port & Harbour Safety Code which promotes safety and excellence in marine operations. f. Maintain compliance with international Ship & Port Security (ISPS) Code which promotes security against terrorism within the port environment <p>Environmental performance targets</p> <p>Ensure regulatory compliance</p> <table border="0"> <tr> <td>a. Obtain resource consents for shipping channel deepening</td> <td>2015/16</td> </tr> <tr> <td>b. Review Port Noise Management Plan</td> <td>2015/16</td> </tr> <tr> <td>c. Develop a port wide stormwater management plan</td> <td>2015/16</td> </tr> <tr> <td>d. Review Fumigation Operating Procedures (including Recapture and 'Persons in Charge of Site' procedures)</td> <td>2015/16</td> </tr> <tr> <td>e. Participate in current Regional Plan Review</td> <td>2015 - 2017</td> </tr> <tr> <td>f. Review Hazardous Substances Management Plan</td> <td>2016/17</td> </tr> <tr> <td>g. Review third party operator performance</td> <td>2016/17</td> </tr> <tr> <td>h. Participate in other relevant statutory plan or policy change processes</td> <td>Ongoing</td> </tr> <tr> <td>i. Undertake annual compliance review</td> <td>Ongoing</td> </tr> <tr> <td>j. Obtain and maintain resource consents for infrastructure projects</td> <td>Ongoing</td> </tr> </table>		a. Obtain resource consents for shipping channel deepening	2015/16	b. Review Port Noise Management Plan	2015/16	c. Develop a port wide stormwater management plan	2015/16	d. Review Fumigation Operating Procedures (including Recapture and 'Persons in Charge of Site' procedures)	2015/16	e. Participate in current Regional Plan Review	2015 - 2017	f. Review Hazardous Substances Management Plan	2016/17	g. Review third party operator performance	2016/17	h. Participate in other relevant statutory plan or policy change processes	Ongoing	i. Undertake annual compliance review	Ongoing	j. Obtain and maintain resource consents for infrastructure projects	Ongoing
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Organisation	CentrePort Ltd	
Key annual objectives and performance targets	Minimise risk to the environment	
	a. Review Environmental Management Plan risk assessment	2015/16
	b. Review Environment & Sustainability Policy and Performance Targets	2016/17
	c. Environmental Management System - audit and certify (ISO14001) using staged approach	2016/17-19
	d. Maintain 'Environmental Issues Register'	Ongoing
	Realise opportunities to be more sustainable	
	a. Undertake energy efficiency projects (phased programme)	2015/16-19
	b. Develop waste monitoring procedures	2016/17
	c. Develop management plan for greenhouse gas emissions (including reduction targets)	2016/17
	d. Identify strategic opportunities for "environmental offsetting" to support port development objectives	2017/18
	Stakeholder engagement	
	a. Maintain regular meetings of the Environmental Consultative Committee (and review transparency)	Ongoing
	b. Communicate environmental objectives and performance	Ongoing
	c. Integrate environmental performance into CentrePort's external reporting (e.g. Annual Report)	Ongoing
	Develop a culture of awareness and responsibility	
	a. Maintain regular internal communication on environmental matters	Ongoing
b. Integrate environmental matters into leadership and other programmes	2015/16	

Organisation	CentrePort Ltd		
Environmental objective performance targets:			
	2015/16	2016/17	2017/18
Ensure regulatory compliance:			
Compliance breaches	Zero	Zero	Zero
Minimise risk to the environment:			
System: consistency with ISO14001	Review of port-wide risk assessment complete	Audit & 1st stage certification complete	Audit & 2nd stage certification complete
Incidents: number of registered environmental incidents	Decrease from previous year	Decrease from previous year	Decrease from previous year
Complaints: number of complaints from external stakeholders about environmental performance	Zero	Zero	Zero
Realise opportunities to be more sustainable:			
Greenhouse gas emissions (quantity CO2 equivalent)	Verified annual emissions inventory complete	Emissions reduction plan and targets complete	Reduction target to be advised. Verified annual emissions inventory complete
Ozone depleting substances used (quantity methyl bromide released to atmosphere)	100% use of recapture technology for container fumigation	100% use of recapture technology for container fumigation	100% use of recapture technology for container fumigation
Solid waste to landfill (quantity)	No target	Waste monitoring system (and reduction plan) developed	Reduction target to be advised
Improve stakeholder relations:			
Environmental Consultative Committee meeting frequency	At least 3 per annum	At least 3 per annum	At least 3 per annum
Iwi engagement	Pre lodgement consultation undertaken for 100% of resource consent applications	Pre lodgement consultation undertaken for 100% of resource consent applications	Pre lodgement consultation undertaken for 100% of resource consent applications
Transparency	Performance against targets reported in Annual Report	Performance against targets reported in Annual Report	Performance against targets reported in Annual Report
Develop a culture of awareness and responsibility:			
Board sub-committee (Health Safety and Environment) meeting frequency	At least 4 per annum	At least 4 per annum	At least 4 per annum
Internal 'sustainability sub committee' meeting frequency	At least 3 per annum	At least 3 per annum	At least 3 per annum

Organisation	CentrePort Ltd			
	<p>Social performance targets</p> <ul style="list-style-type: none"> a. Contribute to the desired outcome of the Wellington Regional Strategy through: <ul style="list-style-type: none"> i. The provision of workplace opportunities and skills enhancements of our employees. ii. Ensuring the regional economy is connected by the provision of high quality port services to support international and coastal trade. b. Supporting the regional community by investing in community sponsorship and engaging community activities. c. To meet regularly with representative community groups <p>General performance targets</p> <ul style="list-style-type: none"> a. The company will, in consultation with the shareholders, continue to develop performance targets in the financial, environmental and social areas. b. CentrePort will report achievement against the above targets in the quarterly reports to shareholders and the annual report. The report will include specific initiatives to enhance the environment in which we operate. c. When developing 'property held for development' the Board is to adhere to the following principles: <ul style="list-style-type: none"> i. Properties may be developed without the building being fully pre-let so long as tenancy risk is managed prudently. ii. Property developments must not compromise port operations. iii. Developments are to be undertaken only if they are able to be funded without additional capital from shareholders. iv. Development construction contracts are to be negotiated on a guaranteed maximum price or lump sum basis. <p>Definition of terms regarding property: "Management of tenancy risk" means that each single property investment has committed rental income (via development and 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 proposed development is no greater than 25%.</p>			
<p>Key annual objectives and performance targets</p>	<p>Financial performance targets:</p> <p>Underlying net profit before tax</p> <p>Underlying net profit after tax</p> <p>Return on total assets</p> <p>Return on Port assets</p> <p>Return on property assets</p> <p>Return on equity</p> <p>Dividend distribution</p> <p>Dividend distribution (%)</p>	<p>2015/16</p> <p>\$16.4 million</p> <p>\$13.7 million</p> <p>7.4%</p> <p>8.2%</p> <p>5.8%</p> <p>6.8%</p> <p>\$6.1 million</p> <p>45%</p>	<p>2016/17</p> <p>\$17.8 million</p> <p>\$14.5 million</p> <p>7.7%</p> <p>8.9%</p> <p>5.6%</p> <p>6.9%</p> <p>\$6.5 million</p> <p>45%</p>	<p>2017/18</p> <p>\$19.9 million</p> <p>\$15.8 million</p> <p>8%</p> <p>8.9%</p> <p>6.3%</p> <p>7.1%</p> <p>\$7.1 million</p> <p>45%</p>

Organisation	CentrePort Ltd
Definition of Terms	<ul style="list-style-type: none"> Return on assets for each business segment Port: Earnings before interest and tax (EBIT) plus share of associates earnings divided by the average of total fixed assets and investments in associates. Property: EBIT plus share of associate earnings divided by the value of investment properties plus investment in associates. This calculation is performed separately on the value of developed investment properties and the total portfolio. Return on equity is underlying net profit after tax divided by average equity. Equity is defined as the total issued capital plus the balance of undistributed profits and all revenue and capital reserves less any minority interests of the parent company, CentrePort Limited and its subsidiaries, ("the Group"). Total assets are defined as all the recorded tangible and intangible assets of the Group at their current value as determined by the Group's accounting policies.

Organisation	Wellington Regional Economic Development Agency	
Ownership	20% GWRC 80% WCC	
Directors	Peter Biggs (Chair) Matt Clark Grant Gilford Paul Mersi Lorraine Witten	Helen Anderson Sarah Gibbs Richard Laverty Thomas Pippas
Nature and scope of activities	<p>WREDA is the key provider for economic development in the region, combined with tourism, venues and major events management for Wellington City. It encompasses the functions, and funding, of the following previous organisations and programmes:</p> <ul style="list-style-type: none"> Grow Wellington (and its subsidiary Creative HQ) Positively Wellington Tourism Positively Wellington Venues Major Events (excluding Community Events) Destination Wellington Ongoing event liaison and planning for Westpac Stadium 	
Significant policies and objectives on ownership & control	<p>Under an agreement between all the councils in the region WREDA was established in late 2014. It is owned jointly by Wellington City Council (80% shareholding) and GWRC (20% shareholding). The ownership reflects the proportion of funding by the two shareholding councils. It is run by an independent board of directors and is accountable to the Wellington Regional Strategy Committee – a standing committee of GWRC with membership representing the councils in the region. WREDA implements the Wellington Regional Strategy and will support other plans which are currently being developed.</p>	
Key annual objectives and performance targets	<p><i>Given changes to the form of WREDA, its performance measures and targets are still under negotiation at the point of finalising this 10 Year Plan.</i></p>	
Organisation	Wellington Water	
Ownership	20% GWRC 80% WCC, HCC, UHCC, PCC (20% each)	

Organisation	Wellington Water			
Directors	John Strahl (Chair) Ian Hutchings David Wright	Raveen Jaduram Nicki Crauford Cynthia Brophy		
Nature and scope of activities	Wellington Water manages the water treatment and supply, storm-water and waste-water service delivery in the Wellington region.			
Significant policies and objectives on ownership & control	Wellington Water was established in September 2014. It is owned jointly by GWRC, WCC, HCC, UHCC and PCC who each have a 20% share. It is run by an independent board of directors and is accountable to the Wellington Water Committee – a standing committee of elected representatives from each of the shareholding councils. Wellington Water manages the councils' water supply activities, delivers capital works programmes and provides council with asset management and planning advice.			
Key annual objectives and performance targets	Performance Indicators	2015/16	2016/17	2017/18
	Financial	Manage finances within budget	Manage finances within budget	Manage finances within budget
	Strategic Priorities	Complete priority milestones on time Achieve 1% savings on the Council Work Programme	Complete priority milestones on time	Complete priority milestones on time
	Regional Initiatives	Complete initiatives on time as agreed with GWRC	Complete initiatives on time as agreed with GWRC	Complete initiatives on time as agreed with GWRC
	Council Work Programmes	Deliver outcomes that achieve the agreed levels of service, at least the whole of life costs for GWRC assets Post completion evaluations to ensure we deliver what we said we would 95% of all agreed projects from GWRC asset management plans are completed in any given year	Deliver outcomes that achieve the agreed levels of service, at least the whole of life costs for GWRC assets Post completion evaluations to ensure we deliver what we said we would 95% of all agreed projects from GWRC asset management plans are completed in any given year	Deliver outcomes that achieve the agreed levels of service, at least the whole of life costs for GWRC assets Post completion evaluations to ensure we deliver what we said we would 95% of all agreed projects from GWRC asset management plans are completed in any given year

Organisation	New Zealand Local Government Funding Agency Limited (LGFA)
Ownership	9%
Representation (total members)	30 Local Authorities are shareholders of the LGFA with shareholding ranging for 8.3% to 0.4% of total share capital. The New Zealand government owns 11.1% of the total \$43 million of share capital.
Nature and scope of activities	<ul style="list-style-type: none"> • LGFA will raise debt funding either domestically and/or offshore in either NZ dollars or foreign currency and provide debt funding to New Zealand Local Authorities, and may undertake any other activities considered by the Board to be reasonably related or incidental to, or in connection with, that business. • The LGFA will only lend to local authorities that enter into all the relevant arrangements with it (participating local authorities) and comply with the LGFA's lending policies.
Significant policies and objectives on ownership & control	<ul style="list-style-type: none"> • Providing savings in annual interest costs for all Participating Local Authorities, • Making longer-term borrowings available to Participating Local Authorities, • Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practice; and • Offering more flexible lending terms to Participating Local Authorities. • LGFA will monitor the quality of the asset book so that it remains of high standard by ensuring it understands each Participating Local Authority's financial position and the general issues confronting the Local Government sector.
Key annual objectives and performance targets	<p>LGFA's average cost of funds relative to the average cost of funds for New Zealand Government Securities for the period to:</p> <ul style="list-style-type: none"> • 30 June 2016 will be less than 0.50% higher • 30 June 2017 will be less than 0.50% higher • 30 June 2018 will be less than 0.50% higher <p>The average margin above LGFA's cost of funds charged to the highest rated participating local authorities for the period to:</p> <ul style="list-style-type: none"> • 30 June 2016 will be no more than 0.10% • 30 June 2017 will be no more than 0.10% • 30 June 2018 will be no more than 0.10% <p>LGFA's annual issue and operating overheads expenses for the period to :</p> <ul style="list-style-type: none"> • 30 June 2016 will be less than \$5.94 million • 30 June 2017 will be less than \$6.88 million • 30 June 2018 will be less than \$7.43 million <p>Total lending to participating local authorities at:</p> <ul style="list-style-type: none"> • 30 June 2016 will be at least \$5,885 million • 30 June 2017 will be at least \$7,095 million • 30 June 2018 will be at least \$7,735 million

FINANCIAL INFORMATION

INVESTMENTS PROSPECTIVE FUNDING IMPACT STATEMENT FOR THE YEAR ENDING 30 JUNE

	2015/16 Plan \$000s	2016/17 Plan \$000s	2017/18 Plan \$000s	2018/19 Plan \$000s	2019/20 Plan \$000s	2020/21 Plan \$000s	2021/22 Plan \$000s	2022/23 Plan \$000s	2023/24 Plan \$000s	2024/25 Plan \$000s
Sources of operating funding										
General rate ¹	(10,317)	(9,588)	(7,245)	(8,730)	(9,693)	(12,141)	(12,507)	(13,057)	(14,057)	(14,495)
Targeted rates	2,676	2,677	965	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
Fines, infringement fees, and other receipts ^{2,3}	23,946	24,876	24,648	26,103	26,533	27,903	28,520	28,777	29,308	29,577
Total operating funding	16,305	17,965	18,368	17,373	16,840	15,762	16,013	15,720	15,251	15,082
Applications of operating funding										
Payments to staff and suppliers	1,926	1,465	1,297	1,317	1,418	1,423	1,458	1,508	1,593	1,640
Finance costs	12,108	14,017	16,146	15,717	15,017	14,266	14,028	13,612	13,302	13,026
Internal charges and overheads applied	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding	14,034	15,482	17,443	17,034	16,435	15,689	15,486	15,120	14,895	14,666
Surplus/(deficit) of operating funding	2,271	2,483	925	339	405	73	527	600	356	416
Sources of capital funding										
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
Increase / (decrease) in debt	6,039	1,745	7,417	1,282	(53)	(202)	(706)	(1,290)	(680)	(1,438)
Gross proceeds from asset sales	38	39	40	41	42	43	44	46	47	49
Total sources of capital funding	6,077	1,784	7,457	1,323	(11)	(159)	(662)	(1,244)	(633)	(1,389)
Applications of capital funding										
Capital expenditure										
- to meet additional demand	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	118	121	6,520	1,310	130	134	138	142	147	152
Increase / (decrease) in investments	2,385	1,167	433	646	670	308	748	790	835	882
Increase / (decrease) in reserves	5,845	2,979	1,429	(294)	(406)	(528)	(1,021)	(1,576)	(1,259)	(2,007)
Total applications of capital funding	8,348	4,267	8,382	1,662	394	(86)	(135)	(644)	(277)	(973)
Surplus/(deficit) of funding	-	-	-	-	-	-	-	-	-	-
Depreciation on Investment assets	381	358	374	543	577	590	606	608	320	322

INVESTMENTS PROSPECTIVE FUNDING IMPACT STATEMENT FOR THE YEAR ENDING 30 JUNE

	2015/16 Plan \$000s	2016/17 Plan \$000s	2017/18 Plan \$000s	2018/19 Plan \$000s	2019/20 Plan \$000s	2020/21 Plan \$000s	2021/22 Plan \$000s	2022/23 Plan \$000s	2023/24 Plan \$000s	2024/25 Plan \$000s
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 pest control. In the comparative year of the LTP it also included internal income from public transport as the mechanism to fund the rail infrastructure and the new Matangi trains carried out by the 100% Council-Controlled Trading Organisation, Greater Wellington Rail Ltd. The funds recovered were to be utilised within investments for an equity injection into Greater Wellington Rail Ltd to enable Greater Wellington Rail Ltd to fund Greater Wellington's share of the upgrades. This year the full cost is included directly within the Public Transport activity.										
³ Greater Wellington manages community outcome debt via an internal debt function. Other receipts includes internal interest 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	17,197	17,620	16,990	18,186	18,403	18,621	18,797	18,841	18,896	18,944

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 GWRC's Revenue and Financing Policy

All figures on this page exclude GST

INVESTMENTS PROSPECTIVE INCOME INFORMATION FOR THE YEAR ENDING 30 JUNE

	2015/16 Plan \$000s	2016/17 Plan \$000s	2017/18 Plan \$000s	2018/19 Plan \$000s	2019/20 Plan \$000s	2020/21 Plan \$000s	2021/22 Plan \$000s	2022/23 Plan \$000s	2023/24 Plan \$000s	2024/25 Plan \$000s
NET CONTRIBUTION TO GENERAL RATES FROM INDIVIDUAL INVESTMENTS										
Liquid financial deposits	1,456	1,525	1,568	1,651	1,717	1,717	1,717	1,717	1,717	1,717
WRC Holdings	3,940	4,251	4,534	4,489	4,558	5,658	6,053	6,235	6,679	6,873
Treasury management	4,698	3,542	856	2,654	3,511	4,440	4,770	5,121	5,338	5,589
Other Investments and Property	222	270	287	(63)	(93)	326	(32)	(16)	324	317
Total contribution to general rates	10,316	9,588	7,245	8,731	9,693	12,141	12,508	13,057	14,058	14,496

For more information on the revenue and financing mechanisms applicable to investments, please refer to the "Revenue and Financing Policy" in the this 10-Year Plan 2015-25.

All figures on this page exclude GST.