**If calling, please ask for Democratic Services**

# Council

Tuesday 31 October 2023, 9.00am

Taumata Kōrero, Council Chamber, 100 Cuba St, Te Aro, Wellington

***Quorum:*** *Seven Councillors*

## Members

**Councillors**

Daran Ponter (Chair)

Adrienne Staples (Deputy Chair)

David Bassett

Ros Connelly

Quentin Duthie

Penny Gaylor

Chris Kirk-Burnnand

Ken Laban

David Lee

Thomas Nash

Hikitia Ropata

Yadana Saw

Simon Woolf

**Recommendations in reports are not to be construed as Council policy until adopted by Council**

# Council

Tuesday 31 October 2023, 9.00am
Taumata Kōrero, Council Chamber, 100 Cuba St, Te Aro, Wellington

## Public Business


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**Council**
**31 October 2023**
**Report 23.533**

**For Decision**

## GREATER WELLINGTON REGIONAL COUNCIL'S 2022/23 ANNUAL REPORT

### Te take mō te pūrongo
### Purpose

1. For Council to adopt Greater Wellington's Annual Report for the year ended 30 June 2023.

### He tūtohu
### Recommendations

That Council:

1 **Adopts** Greater Wellington Regional Council's Annual Report (Attachment 1) and the Summary of the Annual Report (Attachment 2) for the year ended 30 June 2023.

2 **Authorises** the Chief Executive to make minor changes that may arise as part of finalising the audited Annual Report and Summary of the Annual Report for the year ended 30 June 2023.

### Consideration by Committee

2. The matters contained in this report were considered by the Finance, Risk and Assurance Committee (the Committee) at its meeting on 17 October 2023 (Draft 2022/23 Annual Report – Report 23.529)
3. The Committee discussed the results of the Long Term Plan non-financial performance measures, and the importance of storytelling and clear presentation of data in the Annual Report.
4. The Committee noted that the audit process had not been completed at the time of the meeting but was satisfied with the verbal update provided by Audit New Zealand (Audit NZ) at the meeting.
5. The Committee recommended, after considering all relevant information from Audit NZ, that Council adopts the Annual Report subject to any changes required once the audit process has been completed.

## Te tāhū kōrero
## Background

6. Under section 98 of the Local Government Act 2002 (LGA), Council must prepare and adopt, in respect of each financial year, an annual report within four months after the end of the financial year to which is relates to.

7. The 2022/23 Pūrongo ā Tau | 2022/23 Annual Report for Te Pane Matua Taiao | Greater Wellington Regional Council (Greater Wellington) (**Attachment 1**) reports against Year Two of the 2021-31 Long Term Plan on the achievement of financial and non-financial performance measures and includes the audited financial statements for Greater Wellington and its subsidiaries, reported as a group. The final published version of the 2022/23 Annual Report will be in the same corporate look and feel to the 2021/22 Annual Report.

8. The Te Pane Matua Taiao he whakarāpopoto i te pūrongo ā-tau 2022/23 | Greater Wellington Regional Council Summary of the Annual Report 2022/23 (**Attachment 2**) provides a summary of the key information contained in the 2022/23 Pūrongo ā Tau | 2022/23 Annual Report. The final published version of the 2022/23 Summary of the Annual Report will be in same web-based interactive format as the 2021/22 Summary of the Annual Report.

## Te tātaritanga
## Analysis

***Non-financial performance***

9. Greater Wellington reports on 51 non-financial performance measures in the Annual Report and achieved 59 percent (30) of these in the year ended 30 June 2023. This compares with 63 percent (32) achieved in the year ended 30 June 2022. We exceeded our targets in several areas. For example, this year we:

   a Reduced erosion into watersheds by treating 1,405 hectares of erosion prone hill country, against a target of 825 hectares.

   b Planted 158,000 stems of native plant species, against a target of 60,000.

   c Made paying for public transport more convenient through implementing Snapper on Rail, as evidenced by a score of 87 percent in customer satisfaction with payment options, against a target of 78 percent.

   d Provided trained and capable people to staff the Emergency Coordination Centre and to support the Cyclone Gabrielle response and recovery.

   e Reduced Greater Wellington's overall greenhouse gas emissions from 50,342 tonnes of $CO_2e$ to 48,438 tonnes of $CO_2e$.

10. Greater Wellington did not achieve 41 percent (21) of our measures (this compares with 37 percent (26) in the previous financial year). Cyclone Gabrielle, disruptions to public transport staffing, and disruptions to the rail network were amongst the primary reasons for measures not achieved.

11. Some of the measures that were not achieved were very close to the target, for example:

    a Customer's overall satisfaction rating for Metlink's bus services was 97 percent against a target of 98 percent, and for Metlink's rail services was 92 percent against a target of 94 percent.

    b Customers' satisfaction ratings with the quality of public transport stations, stops, and wharfs rated 91 percent against a target of 92 percent, showing a slight drop for Rail and a slight increase for Ferry.

    c Per capita boardings on public transport services reached 61.9 against a target of 65, in line with a continuing trend towards pre-COVID (2019) levels. This is a major improvement from last year's result of 48.5 boardings per capita.

12. For more detail on Activity Group performance measures and progression of 2021-31 Long Term Plan initiatives, refer to the Ngā Mahi a Te Pane Matua Taiao | Activities of the Greater Wellington Regional Council section of the 2022/23 Annual Report (**Attachment 1**).

13. For detail on progression against our four 2021-31 Long Term Plan Overarching Strategic priorities (Responding to the Climate Emergency, improving outcomes for mana whenua and Māori, aligning with Government direction, and adapting and responding to the impacts of COVID-19) refer to the Ko ā mātou whakaarotau rautaki matua | Overarching Strategic Priorities section of the 2022/23 Annual Report (**Attachment 1**).

***Financial performance***

14. The operating deficit is around $17.9 million as compared to a budgeted surplus of $3.5 million. The key drivers for the above difference are summarised below:

    a Grants and subsidies revenue is higher than budget mainly due to Waka Kotahi New Zealand Transport Agency (Waka Kotahi) funding of half price fares and additional Crown funding to support lost fare revenue.

    b Other revenue is lower than budget mainly due to capital projects eligible for Waka Kotahi funding not being completed as anticipated.

    c Finance costs are higher than budget due to rising interest costs.

    d Fair value movements are favourable to budget reflecting the increase in the fair value of interest rate swaps due to the continuing increase in market interest rates.

    e Impairment loss of $36.7 million relates to the buildings acquired for the Riverlink project. A memorandum of agreement was agreed with Waka Kotahi towards the end of June 2023, whereby some land and buildings would be sold to Waka Kotahi for their infrastructure projects. Further, a demolition schedule of the relevant buildings was also agreed in August 2023. As the RiverLink project has progressed considerably since year end, accounting standards require us to impair the value of the buildings as at 30 June 2023. At the time of preparing this paper, Audit NZ are still examining the RiverLink project disclosures in the Annual Report. We will table any final changes related to this at the meeting.

15. Capital expenditure for the full year at $130 million was 30 percent below the budgeted spend of $187 million. This was mainly driven by construction delays due to poor weather, procurement and contractor availability, and due to delays in the National Ticketing Solution.

16. Refer to note 33 in the *Notes to the Financial Statements* of the draft 2022/23 Annual Report (**Attachment 1**) for explanations to major variances between actual and budget numbers.

17. The actual reserve balance as at 30 June 2023 as compared to the 2022/23 Annual Plan is set out in **Attachment 3**.

***Audit Opinion***

18. At the time of preparing this paper the audit of Greater Wellington Regional Council is in progress and not completed by Audit NZ. We anticipate that audit clearance will be provided at the 31 October Council Meeting.

19. Audit NZ have indicated that they will issue a qualified audit opinion with one emphasis of matter paragraph regarding the Three Waters Reform (a standard paragraph that will appear in Audit NZ opinions for all councils that will transfer functions and assets to a new water services entity as part of the Three Waters Reform).

20. The qualification is carried across from the qualification received on our 2021/22 Annual Report, relating to Greater Wellington's two Carbon Emission measures; 'Tonnes of CO2 emitted per year on Metlink Public Transport Services' and 'Reduction in tonnes of CO2 equivalent (tCO2e) emissions'. This is due to Audit NZ being unable to verify the full set of Scope 3[1] data that is included in Greater Wellington's CO2 calculations (which includes data provided by our public transport operators and grazing licence holders)[2]. This is a technical issue facing all of local government in the carbon reporting space.

## Ngā hua ahumoni
## Financial implications

21. The 2022/23 Pūrongo ā Tau | 2022/23 Annual Report includes the financial statements for Greater Wellington, as at 30 June 2023 (**Attachment 1**). A summary of financial performance from the 2022/23 Annual Report is outlined in paragraphs 14-17 above.

## Ngā Take e hāngai ana te iwi Māori
## Implications for Māori

22. Improving outcomes for mana whenua and Māori is one of the overarching strategic priorities in the Greater Wellington's 2021-31 Long Term Plan, and therefore reported against in our 2022/23 Pūrongo ā Tau | 2022/23 Annual Report.

[1] Scope 3 covers: Indirect emissions from products used by the organisation (Category 4); Indirect emissions associated with the use of products from the organisation (Category 5); and Indirect emissions from other sources (Category 6).

[2] Obtaining assurance over scope 3 data was limited to a large extent by the extensive sources of the information used to calculate this result.

23. Detail on Greater Wellington Regional Council's progress towards improving outcomes is reported against the focus areas of Te Whāriki, our Māori Outcomes Framework, and is incorporated into the 2022/23 Pūrongo ā Tau | 2022/23 Annual Report (**Attachment 1**) in the section titled Ko te whakarahi ake i ngā hua mō te mana whenua me te Māori | Improving Outcomes for Mana Whenua and Māori.

## Te huritao ki te huringa o te āhuarangi
## Consideration of climate change

24. Responding to the climate emergency is one of the overarching strategic priorities in the Greater Wellington's 2021-31 Long Term Plan, and therefore reported against in our 2022/23 Pūrongo ā Tau | 2022/23 Annual Report.

25. Detail on Greater Wellington Regional Council's strategies and actions towards climate change are incorporated into the 2022/23 Pūrongo ā Tau | 2022/23 Annual Report (**Attachment 1**) in the section titled He urupare ki te huringa āhuarangi | Responding to climate change.

## Ngā tikanga whakatau
## Decision-making process

26. The matters requiring decision in this report were considered against the requirements of Part 6 of the LGA.

## Te hiranga
## Significance

27. Officers considered the significance (as defined by Part 6 of the LGA) of these matters, taking into account Council's *Significance and Engagement Policy* and Greater Wellington's *Decision-making Guidelines*. Officers recommend that these matters are of low significance given their administrative nature.

## Te whakatūtakitaki
## Engagement

28. In line with the Significance and Engagement Policy, officers determined that no engagement on the matters for decision is required.

## Ngā tūāoma e whai ake nei
## Next steps

29. Under Section 98 of the LGA, Greater Wellington is required, within one month of the adoption of the Annual Report, to make the Annual Report and Summary of the Annual Report available to the public. Both documents will be published on Greater Wellington's website and limited hardcopies will be printed and distributed in the community.

**Ngā āpitihanga**
**Attachments**

| Number | Title |
|---|---|
| 1 | Greater Wellington Regional Council's 2021/22 Annual Report |
| 2 | Greater Wellington Regional Council's 2022/23 Summary of the Annual Report |
| 3 | Reserve balance as at 30 June 2023 |

**Ngā kaiwaitohu**
**Signatories**

| | |
|---|---|
| Writers | Daniel Ma – Kaitaki-a-tīma Team Leader, Financial Accounting<br>Sam Ripley – Kaitohutohu \| Advisor, Corporate Planning and Reporting<br>Tyler Dunkel – Kaiwhakahaere Matua \| Manager, Corporate Planning and Reporting |
| Approvers | Ashwin Pai – Kaikaute Pūtea \| Financial Controller<br>Alison Trustrum-Rainey – Kaiwhakahaere Matua, Pūtea me ngā Tūraru \| Group Manager, Finance & Risk<br>Zofia Miliszewska – Kaiwhakahaere Matua \| Manager, Strategy and Performance<br>Luke Troy – Kaiwhakahaere Matua Rautaki \| Group Manager, Strategy |

| **He whakarāpopoto i ngā huritaonga**<br>**Summary of considerations** |
|---|
| ***Fit with Council's roles or with Committee's terms of reference***<br>The Council is required under the LGA to prepare and adopt an Annual Report for each financial year. |
| ***Contribution to Annual Plan / Long Term Plan / Other key strategies and policies***<br>The 2022/23 Pūrongo ā Tau \| 2022/23 Annual Report outlines Greater Wellington's performance against Year Two of the 2021-31 Long Term Plan. |
| ***Internal consultation***<br>The Finance and Corporate Planning and Reporting departments were consulted in preparing this Committee report.<br>The 2022/23 Pūrongo ā Tau \| 2022/23 Annual Report (Attachment 1) was prepared in consultation with the Executive Leadership Team and departmental managers. |
| ***Risks and impacts - legal / health and safety etc*.**<br>There are no specific risks arising from the matters for decision. |

**Attachment 1 to Report 23.533**

# Te Pane Matua Taiao | Greater Wellington Regional Council

## 2022/23 Pūrongo ā Tau | 2022/23 Annual Report

**Attachment 1 to Report 23.533**

Greater Wellington
Te Pane Matua Taiao

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**Attachment 1 to Report 23.533**

# He karere nā te Heamana me Te Tumu Whakarae | Message from the Chair and Chief Executive

Kia ora koutou,

In short, this year has been one of change – some positive, and some challenging. In the second year of the 2021-31 Long Term Plan (LTP) we continued to deliver for our rohe and for te taiao, amid significant events which impacted much of the country.

In October 2022 the triennial Local Government Elections took place and we welcomed in a new Council – including five new Councillors – and re-elected the Chair. The new Council have shown a commitment to continuing to deliver for the environment and climate, delivering a reliable public transport network, and partnering with mana whenua.

As we continued to take action to navigate the impacts of the COVID-19 pandemic on our operations, we began to see some positive trends and movement towards pre-COVID levels of service. At the start of the year the impacts of COVID-19 on frontline public transport staffing levels was being felt across public transport operators across New Zealand. These staffing impacts had a major flow-on effect to Greater Wellington's Metlink public transport services, so we worked with our public transport operators and Central Government to support changes to driver wages and hiring conditions. In February 2023 we had a shortage of 120 drivers across our public transport network, and by June 2023 the shortage was down to 83, with all signs indicating that trend will continue to improve into 2023/24. While this systems-changing work was ongoing, we also made it easier for people to pay for public transport with the full rollout of Snapper on Rail, and payWave options for the airport bus services.

In January and February 2023, ex-tropical Cyclone Hale and Cyclone Gabrielle hit New Zealand one after another, causing severe impacts and disruptions to communities across the North Island, including the Wairarapa. While supporting our response and recovery in our own Region we also supported the national emergency response by providing trained staff to work in the national coordination centre and deploying staff to support the response in other regions. These storms and other severe weather events throughout the year had a major impact on many of our environmental restoration activities, requiring us to pivot some our work to manage the impacts.

This year we launched our new catchment-based approach to delivery, adapting Greater Wellington's internal structure to better support services within each catchment. Reaching this stage is the result of a major commitment from our staff, and engagement with partners across the rohe.

We have continued to work closely with our mana whenua partners this year. The Council established a Long Term Plan Committee which includes one representative and one alternate for each of Greater Wellington's six mana whenua partners, and also established a Te Tiriti Komiti of Council. This year we also commenced a Te Tiriti o Waitangi internal audit, which includes feedback from our partners, and continued the momentum from last year in progressing our commitment to Te Whāriki – our Māori Outcomes Framework.

To continue our response to the climate emergency, we progressed our strategy for reducing our overall greenhouse gas emissions, increasing the number of electric vehicles in our public transport fleet (currently sitting at 98 buses, including a fully electric airport bus service), improving flood protection, and building more natural resilience by restoring habitats and supporting healthy ecosystems. We reduced our overall organisational greenhouse gas emissions by 5 percent from our baseline.

While we continue to reduce emissions, we must also cope with the fact that climate impacts are already in motion and require mitigation and adaptation now. Te Wai Takamori o Te Awa Kairangi | RiverLink project met several key milestones this year, moving to construction of better flood protection and weaving in natural buffers that also support ecosystem health. Through our Recloaking Papatūānuku programme, we restored wetlands at Queen Elizabeth Park and put 400,000 plants into the ground. We also treated 1,405 hectares of erosion-prone land, including retiring former grazed land in our Regional Parks. Restoring and protecting te taio is an important part of our goal to improve ecosystem health, as well as creating stronger natural protections from climate-change driven severe weather events.

We are proud of the achievements, and grateful to everyone involved. Whether positive or challenging, making the best of any change requires mahi and collaboration. Thank you to all the people that made this year possible – our mana whenua partners, partner agencies in Central and Local Government, communities across the rohe, and all our staff, contractors, and volunteers.

| | |
|---|---|
| Daran Ponter<br>*Heamana Kaunihera \| Council Chair* | Nigel Corry<br>*Tumu Whakarae \| Chief Executive* |

# Wāhanga tuatahi: He tiro whānui i ngā mahi i tutuki i a mātou | Section one: Overview of our performance

# Ko te Tau kua pahure | A Year in Review

We are proud of the mahi we achieved this year. Highlights include:

### *Planned and delivered projects with co-benefits*

We pursued work that delivers benefits for people, the environment, and the economy.

- Progressed the Te Wai Takamori o Te Awa Kairangi | RiverLink project to the construction stage for flood protection and continuing engagement on environmental and economic benefits.
- Restored formerly grazed Regional Park lands through the Recloaking Papatūānuku programme, which improve biodiversity, protects our water from run off and erosion, and creates attractive landscapes and places for recreation.
- Improved the health of our waterways by delivering the Whaitua Implementation Programmes in Ruamāhanga, Te Awarua-o-Porirua, and Te Whanganui-a-Tara. These programmes are developed with community, mana whenua, and territorial authorities to achieve a community vision for water in the area.

### *Grew collaborative planning partnerships*

We engaged with our partners across the region to collaborate on wider outcomes.

- Facilitated regional transportation partnerships and programmes to enable better decision making and supporting options for travel throughout the Region.
- Improved options for low/no carbon travel through mode shift programmes and workplace travel programmes with Regional employers
- Supported the development of the Wellington Regional Leadership Committee's key projects: Wellington Regional Emissions Reduction Plan, Wellington Regional Climate Change Impact Assessment, and the Future Development Strategy.

### *Worked to improve outcomes for mana whenua and Māori*

We embedded a focus on mana whenua and Māori outcomes into key plans and processes.

- Established mana whenua roles on committees for the Long Term Plan and for Regional Emergency Management governance.
- Launched an audit of how we're addressing Te Tiriti o Waitangi within Greater Wellington, which will provide more actionable insight on how we can improve our partnership.
- Expanded ways of working with Māori-owned businesses through environmental restoration contractors.

### *Responded to the threat of climate change*

We progressed our plans for a low carbon future and reduced our overall greenhouse gas emissions.

- Increased our electric buses to a total of 98, including a fully electric airport bus service.

- Progressed procurement for hybrid trains, which will extend some rail services that are currently reliant on diesel engines.
- Promoted low/zero carbon travel options and regional travel plans that decrease the need for individual car trips.
- Continued to plan and deliver environmental restoration and flood protection projects that support climate adaptation.
- Reduced our organisational greenhouse gas emissions by five percent from our 2018/19 baseline.

**Attachment 1 to Report 23.533**

# Ko ngā hua mō te hapor | Community Outcomes

We promote the social, economic, environmental, and cultural well-being of our communities through our three community outcomes:

- **Thriving Environment:** healthy fresh and coastal water, clean and safe drinking water, unique landscapes and indigenous biodiversity, sustainable land use, a prosperous low carbon economy.
- **Connected Communities:** vibrant and liveable region in which people can move around, active and public transport, sustainable rural and urban centres that are connected to each other, including mana whenua and mātāwaka Māori communities.
- **Resilient Future:** safe and healthy communities, a strong and thriving regional economy, inclusive and equitable participation, adapting to the effects of climate change and natural hazards, community preparedness, modern and robust infrastructure.

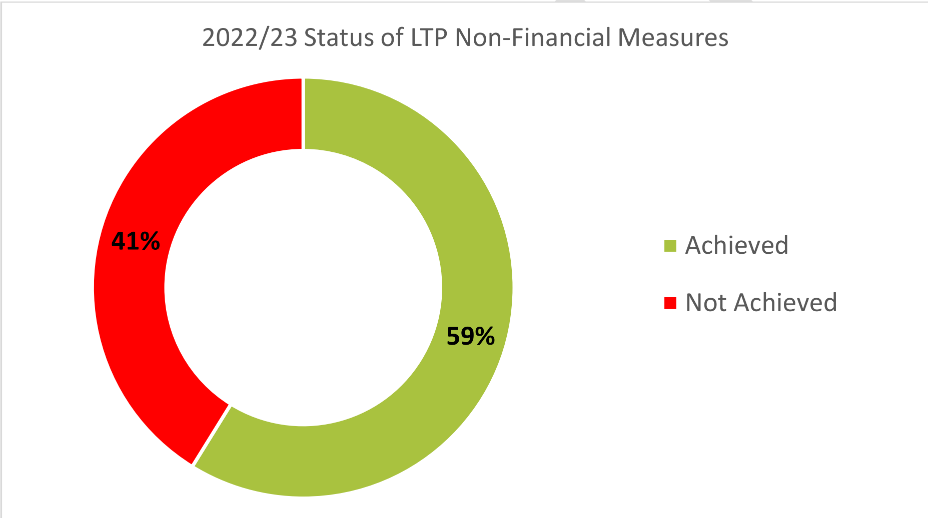
The table below shows Community Outcomes through the lens of each of our Activity Groups.

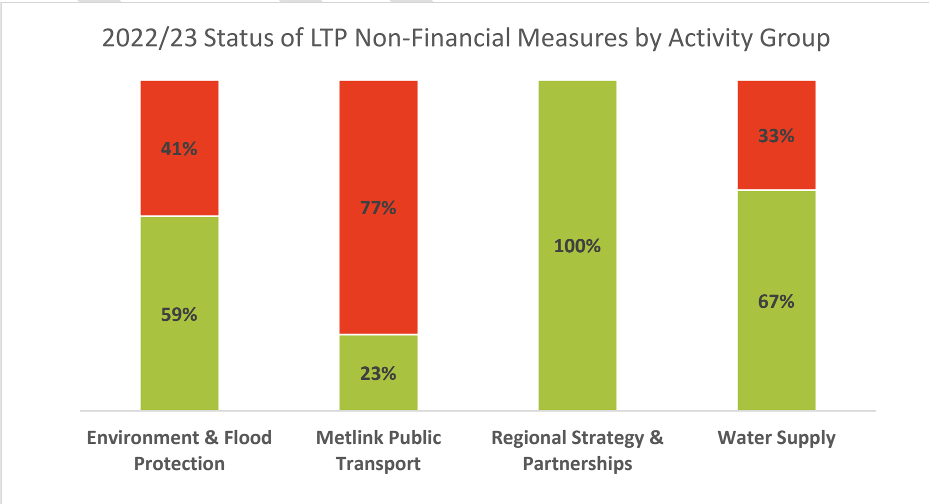
| | | **Community Outcomes** | | |
|---|---|---|---|---|
| | | **Thriving Environment** | **Connect Communities** | **Resilient Future** |
| **Activity Group** | **Environment and Flood Protection** (page 31) | We look after the region's special places to ensure they thrive and prosper | Our work with the community connects people with the environment they live in | We manage and protect the region's resources so they can be enjoyed for generations to come |
| | **Metlink Public Transport** (page 39) | With electrification of our network we are creating a more sustainable and low carbon region | People can get to the places they want to go to by using an accessible and efficient network | People can move around the region on a public transport network that is future proofed |
| | **Regional Strategy and Partnerships** (page 45) | We lead from the front to ensure our environment is front and centre | People are engaged in the decisions that affect them | We plan for the big issues by connecting the dots, ensuring the future is resilient |
| | **Water Supply** (page 52) | Water supply is respectful to the environment that we live in | The region has sufficient water supply that is of high quality and safe | Bulk water supply is sustainable to the community as our environment changes |

Greater Wellington
Te Pane Matua Taiao

# He whakarāpopototanga o te tiro whānui i te rawa | Summary of Non-financial performance

Greater Wellington reports against 51 non-financial performance measures in the Annual Report. These measures were set during the preparation of the 2021-31 Long Term Plan. Overall Greater Wellington achieved 59 percent (30) of the non-financial performance measures and did not achieve 41 percent (21) of the measures. In 2021/22, we achieved 63 percent (32) of measures and did not achieve 37 percent (19) of measures.



Greater Wellington
Te Pane Matua Taiao

### *Challenges in our operating environment impacted our ability to achieve in some areas*

- Cyclones and severe weather impacted most outdoor work, particularly environmental restoration and pest management.
- Shortages with frontline public transport staff and rail disruptions caused service cancellations and delays to the public transport network.
- Ongoing staffing and resourcing challenges have had compounding impacts across various projects and programmes.
- A significant scale and rate of change for many Central Government agencies and policies have slowed down progress on some work, as Greater Wellington and our partner agencies adjust.

### *Several 'Not Achieved' measures were very close to their target*

- Customer's overall satisfaction rating for Metlink's bus services was 97 percent against a target of 98 percent, and for Metlink's rail services was 92 percent against a target of 94 percent.
- Customer's satisfaction ratings with the quality of public transport stations, stops, and wharfs rated 91 percent against a target of 92 percent, showing a slight drop for rail and a slight increase for Ferry.
- Per capita boardings on public transport services reached 61.9 against a target of 65, in line with a continuing trend towards pre-COVID (2019) levels. This is a major improvement from last year's result of 48.5 boardings per capita.

### *We still achieved a lot this year*

- Reduced erosion into watersheds by planting 1,405 hectares of erosion prone hill country.
- Planted 158,000 stems of native plant species.
- Reduced Greater Wellington's overall greenhouse gas emissions by five percent.
- Made paying for public transport more convenient through implementing Snapper on Rail.
- Provided trained and capable people to staff the Emergency Coordination Centre and to support the Cyclone Gabrielle response and recovery.
- Launched three new workplace travel programmes with major Regional employers.

You can read more about our non-financial performance in **Section Two: He tiro whānui i te rawa | Non-financial performance** beginning on page 25.

**Attachment 1 to Report 23.533**

Greater Wellington
Te Pane Matua Taiao

# He Pūrongo Pūtea | Finances at a Glance

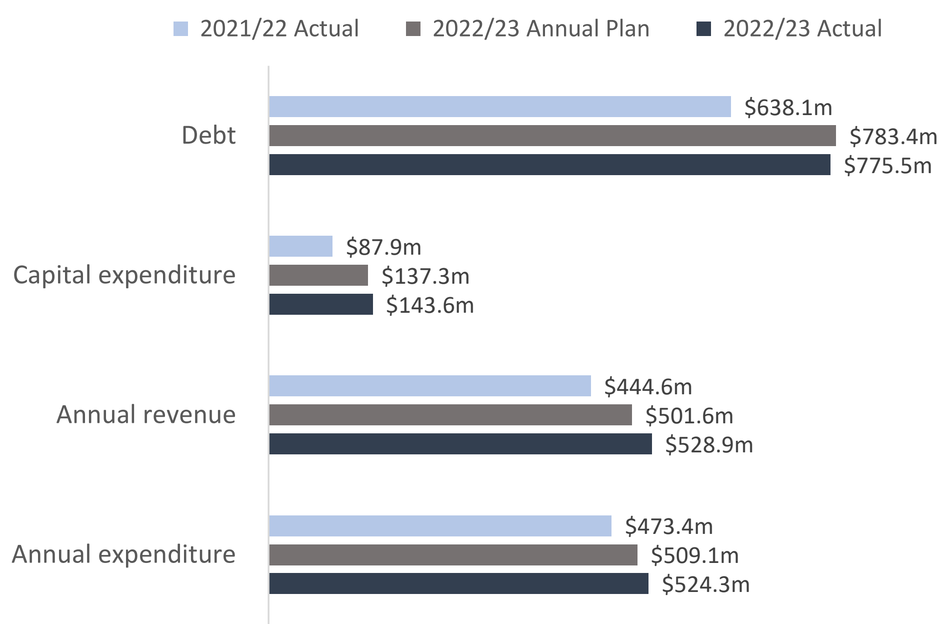
The year has been one of economic challenges and financial pressures and this is reflected in the financial results of Greater Wellington. Summary highlights from the year include:

- We received an AA+ credit rating with Standard & Poor's, which indicates a very strong capacity to meet financial commitments and good financial health overall.
- The cost of delivering all our services amounted to $6.8 per rating unit per day.
- Our total assets held this year were worth $2.162 billion.

Greater Wellington's revenue is sourced primarily through rates and grants from central government. Other revenue sources include water supply levy, fees, charges, including public transport fares, and investment income.

- Our annual revenue from rates this year was $180 million.
- Revenue from grants and other sources was $348.9 million.

### *Financial overview*

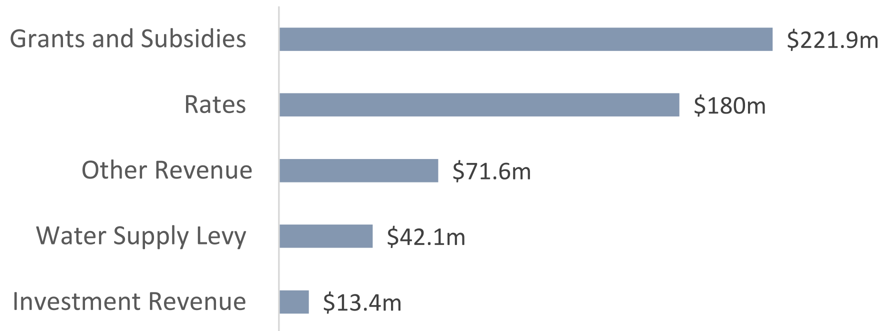


**Attachment 1 to Report 23.533**

Greater Wellington
Te Pane Matua Taiao

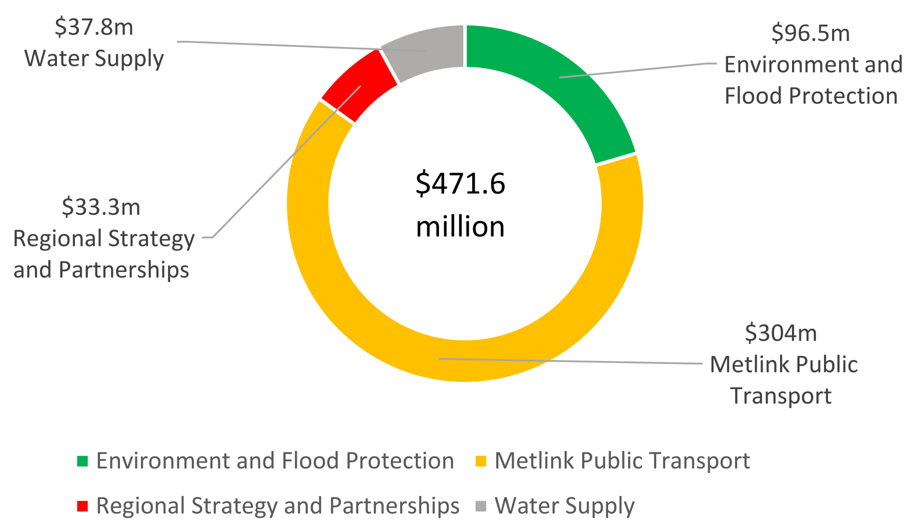
*Revenue*

Greater Wellington's revenue is sourced primarily through rates and grants from central government. Other revenue sources include water supply levy, fees, charges and investment income.




*Operational expenditure by Activity Group*

The below pie chart illustrates Greater Wellington's operational expenditure by strategic area outcomes.

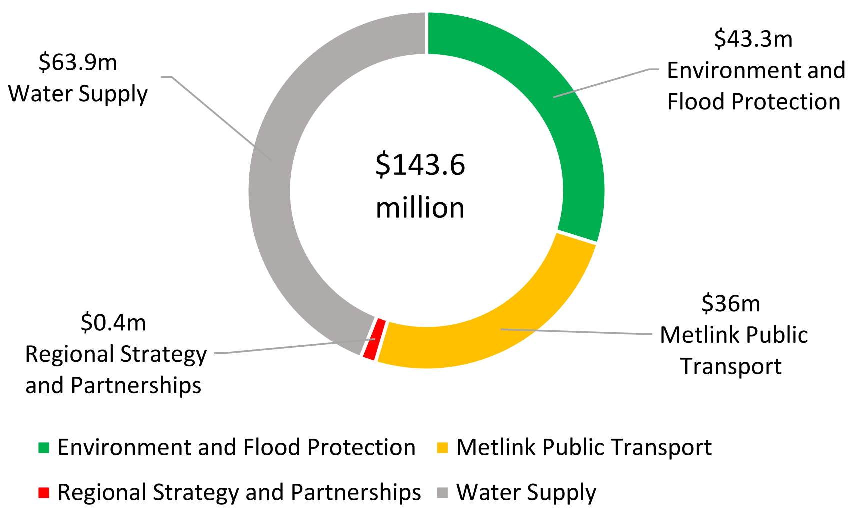


**Attachment 1 to Report 23.533**

Greater Wellington
Te Pane Matua Taiao

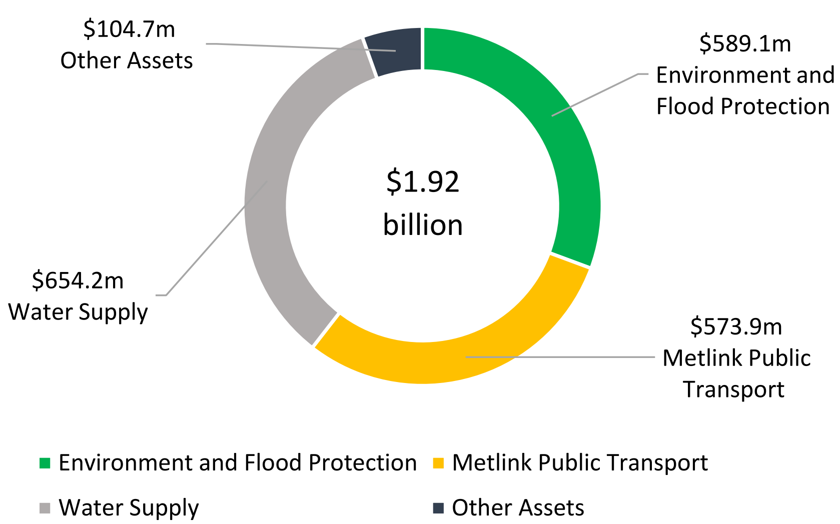
## *Capital expenditure by Activity Group*

Greater Wellington's capital expenditure highlights infrastructure investment in public transport, flood protection, water supply and parks and forests.




## *Property, plant, and equipment by Activity Group*

The below pie chart illustrates Greater Wellington's asset base comprising public transport, flood protection, water supply and parks. Public transport includes $486.3m of rail rolling stock and railway station infrastructure owned by Greater Wellington Rail Limited, a Council subsidiary.

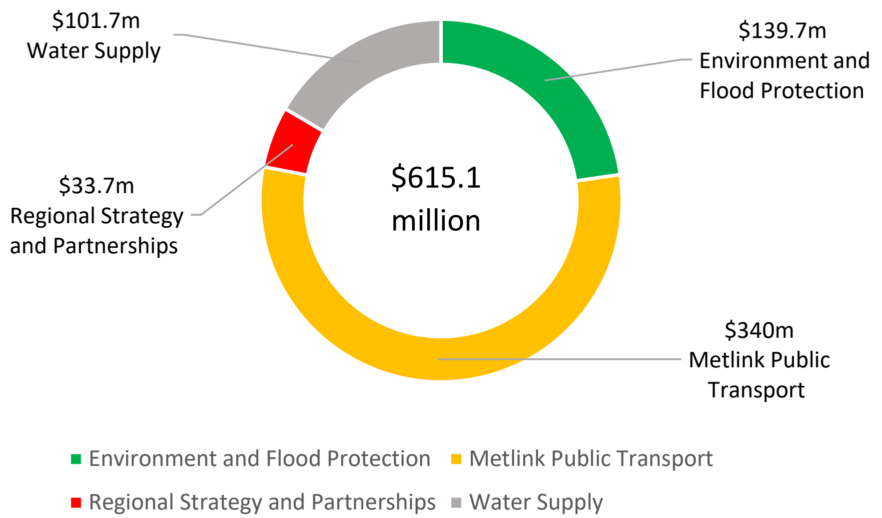


**Attachment 1 to Report 23.533**

Greater Wellington
Te Pane Matua Taiao

*Total Expenditure by Activity Group*

The below pie chart illustrates Greater Wellington's total expenditure (operational plus capital) by strategic area outcomes.



# Wāhanga tuarua: He tiro whānui i te rawa | Section Two: Non-financial performance

Attachment 1 to Report 23.533

Greater Wellington
Te Pane Matua Taiao

# Ko ā mātou whakaarotau rautaki matua | Our Overarching Strategic Priorities

Greater Wellington identified four key overarching strategic priorities as part of the 2021-32 Long Term Plan. These overarching priorities are woven across each Activity Group.

| | |
|---|---|
| **Improving outcomes for mana whenua and Māori** | Proactively engage mana whenua and mātāwaka Māori in decision making, and incorporate Te Ao Māori and mātauranga Māori perspectives, so we can achieve the best outcomes for Māori across all aspects of our region. |
| **Responding to the climate emergency** | Meeting the challenge of climate change by demonstrating leadership in regional climate action and advocacy, and ensuring our operations are carbon neutral by 2030. |
| **Adapting and responding to the impacts of COVID-19** | Take a leadership role in responding to the economic consequences of COVID-19 and support the region's transition to a sustainable and low carbon economy. |
| **Aligning with Government direction** | Rise to the challenges set by Central Government to ramp up environmental protection and continue to provide high quality public transport services. |

**Attachment 1 to Report 23.533**

Greater Wellington
Te Pane Matua Taiao

# Ko te whakarahi ake I ngā hua mō te mana whenua me te Māori | Improving outcomes for mana whenua and Māori

Greater Wellington is committed to continuous improvement in how we give effect to the principles of the Te Tiriti o Waitaingi, and in acting in a manner consistent with those principles. We continue to build on a strong foundation and mature our Te Tiriti of Waitangi obligations and our partnerships with mana whenua. Greater Wellington has six mana whenua partners, represented by the following entities:

- Ngā Hapū o Ōtaki
- Ātiawa ki Whakarongotai Charitable Trust
- Te Rūnanga o Toa Rangatira Inc (Ngāti Toa)
- Taranaki Whānui o te Ūpoko o te Ika
- Rangitāne ō Wairarapa Inc
- Ngāti Kahungunu ki Wairarapa Charitable Trust

Through the 2021-31 Long Term Plan (LTP) Greater Wellington developed and adopted Te Whāriki – the Māori Outcomes Framework, to support the organisation with delivering improved outcomes for mana whenua and Māori, a strategic priority for the LTP. Te Whāriki sets out Greater Wellington's vision and purpose, establishes key principles and values, and describes desired outcomes and focus areas for action.

The focus areas of the Māori Outcome Framework are:

- Effective partnering
- Engagement for equitable outcomes
- Strong, prosperous and resilient Māori communities
- A capable workforce



### *Effective partnering*

We invest meaningfully in our relationships with mana whenua regionally and creating the 'tika' – the right relationships. Building strong relationships with mana whenua is supported by accountability and transparency on how we give effect to Te Tiriti o Waitangi. This year we launched our **Te Tiriti Audit**, which will provide a clear benchmark of where we are successfully meeting our obligations, and where further work is needed. The audit is underway, and results will be reviewed and actioned in 2023/24. Greater Wellington's **Te Tiriti o Waitangi Komiti** will also support Councillors to understand and act on our Te Tiriti obligations.

For the development and delivery of Greater Wellington's 2024-34 Long Term Plan Council established a **Long Term Plan Committee** of the full council, which includes seats for one representative and one alternative representative from each of Greater Wellington's mana whenua partners. To support succession planning and further development of future opportunities, each representative may also be accompanied by a rangatahi observer.

We also continue to support the board of **Te Matarau a Māui**. This year, Te Matarau a Māui achieved independent status, expanding their ability to implement a 'for Māori by Māori' approach to economic development.

### *Engagement for equitable outcomes*

We strive for equitable outcomes for Māori through effective and resourced engagement. This year we supported equitable investment through **Tūāpapa (foundational) and Kaupapa (project-specific) funding agreements**, which supports mana whenua entities grow their capacity and to work alongside Greater Wellington on specific projects and programmes. Engaging in a high trust model of resourcing allows partners to more effectively use of funding within the context of their models, while collaboration and partnership agreements enable Greater Wellington and mana whenua to own a shared vision.

We continue to progress restoration and enrichment of our Region's whaitua – the natural catchments that support people and feed our waterways. **Whaitua Implementation Programmes** are built on a collaborative approach, including representation from mana whenua and the communities that live and work in their whaitua. This year, the Kāpiti Whaitua Committee have begun implementing a Te Tiriti House model for decision making which looks to create a truly co-designed process including decision making.

Engaging and collaborating with mana whenua on environmental restoration offers opportunities to combine restoration with storytelling and highlighting the history of our Region. As part of partnerships that give effect to settlements of mana whenua, we are storytelling the history of places through projects in our Regional Parks which will include signage and other storytelling media in key recreation spaces such as Whitireia Park, Pakuratahi Forest and Parangarahau Lakes area.

**Mahi Waiora** initiatives focus on restoring water quality in local streams and wetlands, and are founded on collaboration between mana whenua, Council, and local communities. As part of our Regional Parks and land management programmes, we have also been working with mana whenua to develop plant nurseries.

Mātauranga Māori and community engagement have been key to the successful development of **Mauri Tūhono**, a regional biodiversity framework led by Mauri Tūhono ki te Upoko o te ika a Māui working group, an independent group supported by Greater Wellington. The framework is a karanga – a call to affirm our collective roles, connect, protect and sustain te taiao for future generations. Mana whenua have been intrinsic in the design of Mauri Tūhono ensuring that everyone everywhere reconnects with the treasure that is te Taiao, listens to the voice of Te Taiao and connects in an intentional and heartfelt way as to collective action. Feedback received during the public engagement period was largely supportive of the values and the vision expressed in the framework and included direct public feedback on options for implementation.

**Te Wai Takamori o Te Awa Kairangi | RiverLink project** will deliver environmental restoration and flood resilience, alongside benefits to the social and economic vitality of communities around Te Awa Kairangi. This year we worked with the Ministry for Social Development on establishing a Jobs and Skills Hub as part of the project. The hub will support local training opportunities for Māori and improve connections with the local Māori business network. Embracing the name gifted by mana whenua has had a positive effect on the programme, as we look to enhance and support the cultural and historical narrative of the area.

We also continued to work with Te Herenga Waka | Victoria University of Wellington on their **Living Pā** development, which includes relocating a bus stop. Relocating the stop and building a new bus shelter provides an opportunity to include cultural designs created by local artists and showcase the story of the Pā.

### *Strong, prosperous, and resilient Māori communities*

We are committed to enhancing wellbeing, supporting thriving communities, and growing community ownership of outcomes. We are supporting opportunities to work with mana whenua and Māori communities on initiatives that are mātauranga Māori led. This includes opportunities for mana whenua and Māori to partner, input and influence decision making from beginning to end and to identify and achieve their aspirations and succeed as Māori.

This year Wellington Region Emergency Management Office (WREMO) progressed the **Māori Integration Programme**, which expands partnership and embeds mana whenua and Māori expertise in the wider emergency management system. Progress this year included an agreement for mana whenua to be a part of regional emergency management governance alongside representatives from territorial authorities, supporting marae to create their own emergency plans, and delivering preparedness workshops for mana whenua and Māori.

We are developing Greater Wellington's Māori workforce through changes in our HR processes and policies, and the establishment of specialised Māori roles. Leveraging a positive working relationship between Greater Wellington and the Ministry of Business, Innovation and Employment, the Ministry will review Greater Wellington's supplier database to identify which of our suppliers are classified as Māori. In line with our commitment to **Te Ūpoko o te Ika a Māui** supplier diversity accord, next steps include implementing baseline reporting against targets to uplift our use of Māori suppliers.

We are already capitalising on opportunities to work with **Māori owned businesses** as part of our environmental restoration contracts. This year, we began working with Mills Albert, a local Māori owned business and main contractor on several of Greater Wellington's environmental restoration projects. In addition to their ability to deliver restoration projects, Mills Abert maintains a focus on ongoing professional development of their staff, as well as supporting physical and mental wellbeing. We have welcomed a range of Māori sole trade providers to support the uplift of capability within the organisation implemented through Te Iti Kahurangi – our capability framework for the organisation.

We also welcomed three interns in our Metlink Public Transport team as part of the Māori and Pacific Island Summer Intern Scheme with Tupu Toa, and continued discussions with Ngāti Toa regarding their involvement in a bus driver recruitment initiative.

Undertaking opportunities to showcase and protect Māori culture and heritage are a part of how Greater Wellington supports Māori communities. This year we held several events and other opportunities to engage Māori culture, including celebrations and reflections for **Matariki**, internal and external messaging supporting **Te Wiki o te Reo Māori**, and **mihi whakatau** for all new staff.

### *A capable workforce*

We are building our kete of resources to support our staff. By supporting our staff, we grow to our ability develop strong, meaningful and enduring relationships with mana whenua and Māori.

After significant planning and mahi across the organisation, we have now implemented a new internal operating model for how we plan and deliver for te taiao. Māori outcomes are a core part of the new operating model, including a focus on effective partnership.

We continued to implement **Te Iti Kahurangi** – a Māori capability framework to support staff and enable them to build and maintain strong relationships with mana whenua. Our training courses are designed with the context of the region and our mana whenua partners in mind. Courses delivered this year included Mātauranga Māori, Pakiaka – Te reo Māori and Te Tiriti o Waitangi. We also offered iwi-led courses centred on the mātauranga of mana whenua in our Region, including courses for Ūpane (Ngati Toa) and Taranaki Whānui. We are also offering training and a review process for how 'Implications for mana whenua and Māori' are reported in decision-making papers that go to Council and Council Committees. The aim of these trainings is to ensure that what we report – and what we ultimately are posing for decision – is both relevant and actionable.

Greater Wellington
Te Pane Matua Taiao

# He urupare ki te huringa āhuarangi | Responding to climate change

### *Governance*

Responding to the climate emergency is a strategic priority for Greater Wellington, and we embed climate action across many of the services we deliver now, as well as how we plan for the future. Planning and decision-making on climate change is also supported by:

- The Council's *Climate Committee*, which provides governance for the Climate Emergency Response Programme.
- Greater Wellington partnerships with mana whenua, Central Government agencies and local government entities, as part of the *Wellington Regional Leadership Committee*.
- The *Long Term Plan Committee*, which includes councillors and mana whenua representatives, and will consider our climate change response as part of the development of the 2024-34 Long Term Plan.
- The *Finance Risk and Assurance Committee* is tasked with reviewing the effectiveness of Greater Wellington's risk management process, including overseeing changes to the risk management policy and approach. The committee has a particular focus on providing guidance to Council on the appetite for risk, and, whether Greater Wellington is taking effective action to mitigate significant risks, including climate change.
- The *Climate Emergency Response Programme Board*, a forum of senior leadership responsible for coordinating, directing, and overseeing the implementation of the Climate Emergency Response Programme.
- The *Corporate Carbon Neutral Steering Group* which supports and reports to the Climate Emergency Response Programme Board.

### *Strategy for climate action*

Greater Wellington has a Climate Change Strategy and two 10-point Climate Emergency Action Plans – the Organisational Climate Emergency Action Plan and the Regional Climate Emergency Action Plan – which collectively represent the Climate Emergency Response Programme.

Greater Wellington declared a climate emergency in 2019 and at the time adopted the goal of a 40 percent reduction in net greenhouse gas emissions by 2025, and to be carbon neutral by 2030. Our 2021-31 Long Term Plan sets a clear organisational emissions reduction pathway, focused on reducing carbon emissions from activities such as public transport, and retirement of grazing licences and environmental restoration across our Regional Parks.

We continue to increase the number of electric buses in our fleet; we now have a total of 98 electric buses in service on the Metlink network. The **Airport Express service** is operated by a fully electric bus fleet, and these vehicles are estimated to have saved 300-400 tonnes of carbon dioxide equivalent ($CO_2$-e) emissions when compared to what a diesel fleet would have produced. Our staff vehicle fleet is now 22 percent full-electric or hybrid. The remaining 78 percent are diesel utes which are required to operate in the various terrain and remote environments that staff go into. We continue to monitor and are actively in discussions with major suppliers with respect to a heavy terrain ute replacement being available in the NZ market.

To continue our investment in emissions reduction, Council approved funding under **Low Carbon Acceleration Fund (LCAF)** for several projects, including the installation of solar generation on the Masterton Railway Station roof – a project which will commence during 2023/24.

Accuracy and transparency of our emissions accounting is an important part of our climate programmes. We led the process of obtaining and updating the **Regional Greenhouse Gas Inventory**, which was last prepared in 2018/19. The overall result shows a nine percent reduction in emissions across the region between 2019 and 2021. To support transparency, we make our emissions publications and documentation available and accessible online via our Document Library on the Greater Wellington website.

Mode shift – enabling ways to shift from cars to other travel options – is a cornerstone of how we support a low-carbon future. In August 2022 Council approved the **Wellington Rail Programme Business Case – Wellington Strategic Rail Plan.** The plan supports a strong mode shift from cars to rail options, including plans to procure hybrid trains that will reduce our reliance on diesel locomotives, in step with Regional and national targets to build public transport and rail networks that are functional and resilient. We are also in early development of a **Wellington Regional Transport Emissions Reduction Pathway** which integrates land use and transport planning to reduce reliance on individual car trips to active or mass transit options and the overall need to travel long distances to access amenities.

Change happens at all levels, from big plans to the mahi of individuals. This year we launched a Climate Change staff training programme to help staff connect their work to Greater Wellington's targets and plans to address climate change. Our people are also a source of knowledge, and Greater Wellington's Climate Risk Assessment Report included input and engagement from staff across the business. Over the next 12 months our Organisation Climate Risk Assessment will be further developed and will lead into the development of Greater Wellington's Climate Adaptation Plan.

### *Managing climate risk*

As part of the **Climate Resilience Programme**, we've advanced integral flood protection works to protect local communities, including work at 22 different sites in three different catchments. The Climate Resilience Programme began in 2021 and was co-funded by Kānoa (part of Ministry for Business, Innovation and Employment), KiwiRail, Hutt City Council, and Greater Wellington. The Programme team received 'Highly Commended' at the 2023 Taituarā Local Government Awards in recognition of our excellent work delivering broader outcomes. Judges for the awards said this project is "…a shining example of the kind of integrated approach to community wellbeing." The Climate Resilience Programme team were one of three finalists in the Engineering New Zealand ENVI Awards, in the Engineering Impact Award Category.

Over the past year we reached several key milestones for **Te Wai Takamori o Te Awa Kairangi | RiverLink project**, including receiving our final consents from the Environment Court, and selecting AECOM-Fletcher as the preferred team of designers and constructors to deliver the programme. The flood protection works will deliver an increase in protection to a 1 in 440-year event, and safeguard residents from large flood events that could affect up to 3,000 homes, five schools and 600 businesses, with the potential to cause an estimated $1.1 billion worth of damage. We also began the first stage of property relocations and demolition to enable our flood protection works to begin later this year. Partnership with all the communities tied to Te Awa Kairangi is important to the success of the project.

**Attachment 1 to Report 23.533**

Greater Wellington
Te Pane Matua Taiao

*Metrics*

We have a number of indicators that demonstrate the work we are undertaking towards our goal of being carbon neutral by 2030. Many of these indicators were set through our 2021-31 Long Term Plan as non-financial performance measures. The table below illustrates some of the indicators which help tell the story of how we are actively adapting to and mitigating climate change.

| Measure | 2022/23 Target | 2022/23 Result | Comments |
|---|---|---|---|
| ***Carbon Emissions Reduction*** | | | |
| Reduction in tonnes of CO2 equivalent (tCO2e) emissions | <50,342 tCO2e | 48,438 tCO2e | LTP non-financial performance measure, see page 50 for more detail |
| Tonnes of CO2 emitted per year on Metlink Public Transport Services | 19,223 tCO2e | 21,019 tCO2e | LTP non-financial performance measure, see page 43 for more detail |
| Increase the number of electric buses | 110 in total | 98 in total | Delayed while options are considered for articulated buses. |
| | | | |
| ***Environmental Restoration and Regional Resilience*** | | | |
| Erosion-prone hill country treated | 825 ha | 1,405 ha | LTP non-financial performance measure, see page 35 for more detail |
| Grazed Regional Park land retired and restored to its native state | 100 ha | 43 ha | LTP non-financial performance measure, see page 35 for more detail |
| Indigenous species planted in our Regional Parks | 60,000 stems planted | 158,000 stems planted | LTP non-financial performance measure, see page 35 for more detail |
| Percentage of identified vulnerable floodplains with a flood management plan in place | 35% | 57% | LTP non-financial performance measure, see page 35 for more detail |
| | | | |
| ***Mode Shift*** | | | |
| Annual Public Transport boardings per capita | 65 | 61.9 | LTP non-financial performance measure, see page 43 for more detail |
| Percentage of Year 0-8 schools in the Wellington region registered for Movin March in 2023 | Maintain or increase from previous year (60% in 2021/22) | 63% | Registrations set a record high for the second year in a row. |

## *Greenhouse Gas Emissions Performance Measures Disclosure*

Greater Wellington has committed to measuring its carbon emissions since 2015. From 2019 onwards, Greater Wellington's carbon footprint was verified by Toitū Envirocare in accordance with their Carbon Reduce programme. The programme includes the international standard ISO 14064-1:2018 on emission measurement and verification.

### *Organisational and operating boundaries*

Greater Wellington's organisational boundaries were set with reference to the methodology described in the Greenhouse Gas Protocol and international standards ISO 14064-1:2018.

Greater Wellington has applied an equity share consolidation approach. Under this approach, Greater Wellington accounts for Greenhouse Gas (GHG) emissions from operations according to its share of equity in the operation. For example, Greater Wellington owns 19 percent of Wellington Water Limited (WWL), therefore is accountable for 19 percent of WWL's GHGs.

Greater Wellington's share of emissions from equity in Wellington NZ and Creative HQ are not recognised as the other shareholder Wellington City Council (WCC) has included 100 percent of the emissions in its own emissions calculation. This is not considered significant to the total footprint.

### *Measurement of greenhouses gases*

The emissions reported in this year's annual report are for the year ending 30 June 2022. This is a result of the time needed to collect information on emissions across the Greater Wellington Council group and its suppliers.

To quantify Greater Wellington's emissions inventory, the following calculation methodology has been used unless otherwise stated: *Emissions = activity data x emissions factor.*

### *Significant assumptions and judgements*

Where available, Greater Wellington has used published emissions factors issued by the Ministry for the Environment (MfE) or other providers of emissions factors and obtained appropriate quantity data directly from suppliers and invoice management systems.

However, we have needed to rely on modelling and assumptions to measure emissions for some activities. To measure the emissions associated with diesel and electricity use on Metlink bus services, we have developed a bespoke model which estimates fuel consumption. This collates data for each specific trip, including distance travelled, average speed, some passenger loading information and whether journeys were completed. Additional assumptions are then applied such as average passenger weights, passenger loading for remaining passengers (where 'tag-on/tag-off' data is not available) and re-positioning distance travelled. This is matched to the specific bus that ran the service.

To convert this data into estimated litres of fuel and kWh of electricity, consumption factors developed for use in the European Union by the European Environment Agency are used. Consumption data is then converted to emissions using MfE's published diesel and electricity emission factors.

For enteric fermentation emissions generated from our grazing licences, we have estimated emissions based on an estimated maximum number of livestock for each piece of land, as actual stock numbers are not available. We are working to further refine these models in the future.

Greater Wellington
Te Pane Matua Taiao

### *Reporting boundary*

A full carbon footprint accounts for emissions from Greater Wellington's value chain. This means emissions from upstream goods and services received as well as downstream use of the goods and services provided are considered. It is currently not practicable to measure all these emissions with the data and systems currently available. Below we have disclosed the sources that we are currently including and those that are currently excluded from the reported result.

Greater Wellington's emissions included:

- Greater Wellington's corporate footprint activities included air travel, electricity, natural gas, vehicle travel, fleet management, and waste disposal.
- Our Metlink Public Transport service activity sources included diesel use on our services (bus, rail, ferry, and Total Mobility Taxi), electricity (ferry, rail, busses, bus and rail infrastructure), and public waste collection from our railway stations.
- Our Environment and Catchment services included infrastructure electricity, grazing (sheep, cattle, and horses), heavy machinery (e.g., helicopters, tractors), fertiliser, and waste disposal.
- Corporate footprints of our CCOs.

Greater Wellington's emissions excluded:

In line with Toitū guidelines, some GHG sources were determined as *de minimis*[1] and therefore excluded from our GHG inventory. These include:

- Air travel, rental car travel, and accommodation reimbursed to employees.
- Office refrigeration for Greater Wellington and CentrePort Limited (fridges emit various fluorocarbons).
- Corporate courier and postage services

Other Greater Wellington GHG exclusions include:

- Fertiliser use in plant nurseries and all lease holdings (with the exception Queen Elizabeth Park), due to no data being available. Work is underway to obtain this data for future years.
- Waste to landfill from the following CCOs and COs: CentrePort Limited, Wellington Water Limited (corporate), WellingtonNZ, and the Wellington Regional Stadium Trust.
- Rental vehicles for Greater Wellington's COs.
- Travel reimbursements from CentrePort Limited workplace.
- Wellington Water Limited (corporate) refrigeration and workplace travel reimbursements.

### *Inherent uncertainty*

There is a level of inherent uncertainty in reporting GHG emissions, due to the inherent scientific uncertainty in measuring emissions factors, as well as estimation uncertainty in the measurement of activity quantity data. Including in the significant assumptions and judgements disclosed above.

Greater Wellington is working to improve data quality and controls over the measurement of GHG emissions which may lead to lower estimation uncertainty in future.

[1] De minimis is defined as an issue that is insignificant to a GHG inventory, usually <1% of an organisation's total inventory for an individual emissions source. Often there is a limit to the number of emission sources that can be excluded as de minimis

*2018/19 baseline change*

As part of the 2021/22 verification process, Greater Wellington revised the baseline first established in 2018/19. The new baseline includes new measurement of rail replacement buses, an improved measurement of sludge, electricity on-charged to Greater Wellington by KiwiRail Limited, a new measurement of flood protection grazing, and updated the average electricity emissions factors for 2018 and 2019 as published by Ministry for the Environment in August 2022. The previous baseline was 43,879.91 tonnes CO2e. The revised baseline is 51,044.61 tonnes CO2e.

The revised baseline has been updated in the Regional Strategy and Partnerships 'Measuring our Performance' table on page 50 of this Annual Report for the performance measure related to Greater Wellington's GHG emissions.

# Ko tā Te Pane Matua Taiao whakahoki ki te mate urutā KOWHEORI-19 | How Greater Wellington is Responding to the COVID-19 pandemic

Mitigating the risks of COVID-19 and ensuring the wellbeing of our staff and our customers included running public transport at reduced capacity and promoting COVID-19 testing and taking sick leave. With COVID-19 no longer a driving focus for Aotearoa New Zealand, we continue to promote staff health and wellbeing as a cornerstone of how Greater Wellington operates.

### *Putting health, safety and wellbeing first*

Our vision is "Everyone, Everyday – Home, Safe and Well: Ngā tangata katoa, mo nga rā katoa, ka hoki ora ai ki te kainga." Mitigating the risks of COVID-19 and ensuring the wellbeing of our staff and our customers included running public transport at reduced capacity and promoting COVID-19 testing and taking sick leave.

### *Flexible working arrangements*

Towards the beginning of the 2022/23 financial year, COVID impacts continued to affect staff and ways of working. We continued to offer flexible working arrangements, allowing staff to reduce their exposure to themselves and others.

Many of the initiatives originally intended to adapt to COVID-19 have demonstrated a strong overall benefit for staff wellbeing. We continue to support these measures, including ongoing offers for Employee Assistance Programmes, flexible working arrangements, and staff training for building personal resilience.

Greater Wellington
Te Pane Matua Taiao

# Te urupare ki ngā whakahau a te Kāwanatanga | Aligning to Government direction

Central Government is heading multiple reforms that have impacted Greater Wellington over the course of our 2021-31 Long Term Plan, particularly over the past 12 months. The scope of reform ranges from the roles of regional councils, funding structures, environmental regulation, to how we might operate public transport and deliver water services. There are ongoing considerations for how we implement or give effect to policy direction and government reform, and how we prepare for the possibility of further changes following the next national election (in October 2023).

### *Affordable Water reforms*

Greater Wellington have taken a proactive approach to participating in the Affordable Waters reform programme since it began. We have worked closely with councils across the Region to ensure that our Region benefits from the reform, and the process doesn't negatively impact our communities. Greater Wellington only deals with bulk drinking water supply, not with wastewater or stormwater. As the implementation of the reform programme continues, it is expected that bulk water supply will no longer be an activity of Greater Wellington, likely within the 2024/25 financial year. This is being considered and planned for through the development of the 2024-34 Long Term Plan.

### *Key planning and policy changes*

This year we prepared for, navigated and enacted key shifts in national and regional policies. In August 2022 we notified on **Proposed Change 1 to the Regional Policy Statement** to implement and support the National Policy Statement on Urban development, and to start the implementation of the National Policy Statement for Freshwater Management. The proposed change also addresses issues related to climate change and indigenous biodiversity. Hearings on the change commenced in June 2023. We also adopted the **Natural Resources Plan** and public engagement on the next steps for the **Kāpiti Coast Whaitua Implementation Programme**.

### *Advocacy to central government*

As a driver of regional planning and partnerships, Greater Wellington advocates to Central Government to promote positive regional outcomes and better linkages between local and Central Government planning. Examples of our advocacy include changes to the Resource Management Act, Government plans for emissions reduction, implementation of the Affordable Waters Reform, and the Land Transport Management Act.

Attachment 1 to Report 23.533

# Ngā Mahi a Te Pane Matua Taiao | Activities of the Greater Wellington Regional Council

**Activity Groups** provide an important link between the 2021-31 LTP's strategic priorities and the way they're implemented through day-to-day activities. Greater Wellington has four key Activity Groups:

| | |
|---|---|
| **Environment and Flood Protection** | • Resource management (environmental regulation, environmental policy and environmental science)<br>• Biodiversity management<br>• Pest management<br>• Regional parks<br>• Harbour management<br>• Flood protection and control works |
| **Metlink Public Transport** | • Strategy and customer<br>• Operations and commercial partnerships<br>• Assets and infrastructure |
| **Regional Strategy and Partnerships** | • Regional partnerships with mana whenua and Māori<br>• Climate change<br>• Regional transport planning and programmes<br>• Regional spatial planning<br>• Regional economic development<br>• Emergency management<br>• Democratic services |
| **Water Supply** | • Bulk water supply |

For each of these Activity Group, we report on:

1. An overall summary of performance
2. Results of non-financial measures
3. Funding Impact Statements (in section 3: financial performance)

Performance measures were developed as part of the 2021-31 Long Term Plan and were developed to meet the requirements of the Local Government Act 2002, and with best practice in mind for accurate and understandable presentation. The reporting against these performance measures in this Annual Report also considers and complies with the requirements of the PBE FRS 48 reporting standards.

**Attachment 1 to Report 23.533**

## *Non-financial performance measures judgements and assumptions*

The Non-Financial Performance Measures Framework was developed by Greater Wellington for the 2021-31 Long Term Plan. These are presented in the 'Performance Measures' section for each Activity Group[2]. The following principles were used in developing this Non-Financial Performance Measures Framework:

Greater Wellington's Non-Financial Performance Measures:

- align with and support our 2021-31 Long Term Plan Community Outcomes and Strategic Priorities[3];
- create a picture of service delivery across our activities and key levels of service;
- are community focused and measure things that Greater Wellington can influence; and
- meet the requirements of the Local Government Act 2002, and with best practice in mind for accurate and understandable presentation.

Under the Local Government Act 2002 (LGA) councils are mandated to provide standard performance measures so that the public may compare the level of service provided in relation to the following group of activities: water supply, flood protection and control works (other activities defined in the LGA are delivered and reported on by city and district councils within the Region: sewerage and the treatment and disposal of sewage, stormwater drainage, or the provision of roads and footpaths).

Department of Internal Affairs (DIA) guidance has been followed in measuring performance against all mandatory performance measures. The DIA mandatory measures are identified in this annual report by footnote in the 'Measuring our Performance' tables on pages XX (for flood protection and control works) and YY (for water supply).

Further to the above judgements being made in the selection of non-financial performance measures, we also apply judgements in the measurement, aggregation, and presentation of service performance information.

To determine the number of performance measures to monitor and report on, and the level of aggregation (for example, whether to report on customer satisfaction for each mode of public transport or the network as a whole), we have considered the information needs of our communities, the costs and benefits of these, practical feasibility, and the requirement to provide performance information across the full breadth of services that the council provides.

### *Significant assumptions and judgements*

Material judgements have been applied as follows:

*Greenhouse Gas Emissions Performance Measures*

Where available, Greater Wellington has used published emissions factors issued by the Ministry for the Environment (MfE) or other providers of emissions factors and obtained appropriate quantity data directly from suppliers and invoice management systems.

However, we have needed to rely on modelling and assumptions to measure emissions for some activities. To measure the emissions associated with diesel and electricity use on Metlink bus

[2] See pages 56-58; 70-72; 84-85; and 95-96 of Greater Wellington's 2021-31 Long Term Plan
[3] See pages 258-260 of Greater Wellington's 2021-31 Long Term Plan

services, we have developed a bespoke model which estimates fuel consumption. This collates data for each specific trip, including distance travelled, average speed, some passenger loading information and whether journeys were completed. Additional assumptions are then applied such as average passenger weights, passenger loading for remaining passengers (where 'tag-on/tag-off' data is not available) and re-positioning distance travelled. This is matched to the specific bus that ran the service.

To convert this data into estimated litres of fuel and kWh of electricity, consumption factors developed for use in the European Union by the European Environment Agency are used. Consumption data is then converted to emissions using MfE's published diesel and electricity emission factors.

For enteric fermentation emissions generated from our grazing licences, we have estimated emissions based on an estimated maximum number of livestock for each piece of land, as actual stock numbers are not available. We are working to further refine these models in the future.

More detail on Greater Wellington's Greenhouse Gas Emissions Performance Measures can be found in the Disclosure on pages xx-yy.

*Surveys*

To measure the quality of our outputs, we use customer surveys to cover perceptual related research on customers and community. This helps us to assess the quality of the service provided (e.g., Metlink's Public Transport Passenger Satisfaction Survey, satisfaction with our Resource Consenting Services and Regional Park visitors that are satisfied with their experience).

These surveys are designed by in-house or external research experts, based on best practice in survey design. They have also been designed to measure changes in perception of service delivery over time.

For example, questions are written so they are clearly understood by participants and neutral in tone; and response options are designed so they are balanced, do not lead participants to respond in a certain way and cover all possible responses a participant may wish to provide. Where neutrality is important, these surveys are independently run (e.g., Metlink's Public Transport Passenger Satisfaction Survey, which is run by Gravitas OPG) and the analysis from these surveys is used to improve our processes and inform future service level improvements.

We balance our survey-focussed measures of quality of service delivery with supplemented direct measures of the quality of our service, which measure the direct observation of the service delivery (e.g. punctuality of bus and rail services), this type of measurement is more objective and easily quantifiable.

Survey sampling (i.e., recruitment of participants) is conducted in a way that maximises the representativeness of respondents, and post-survey weighting is often used to further ensure results are representative of the population of interest.

Statistical significance testing is used where appropriate to assist in identifying meaningful results. Where there is uncertainty in survey results due, for example to sampling error, this is often quantified and stated alongside the results. To minimise the risk of under representative sampling, best practice market research techniques are used across the spectrum of research including statistical weighting of the sampled population to ensure census level representation, the use of stand-down periods to ensure we are not causing survey fatigue or "over-survey" and surveys being designed to ensure minimal drop-out rates. In addition, questionnaires are regularly reviewed to ensure best practice and fit for purpose, and where appropriate industry leading experts are used to review processes.

The frequency of each survey differs in line with the specific performance measures. For example, interaction-based customer surveys are more frequent given the service is on-going and there are consistent interactions. These are where we want to be continuously learning about and improving. The surveys that measure broader perceptions over a longer period of time such as the Metlink Public Transport Passenger Satisfaction Survey are only administered annually.

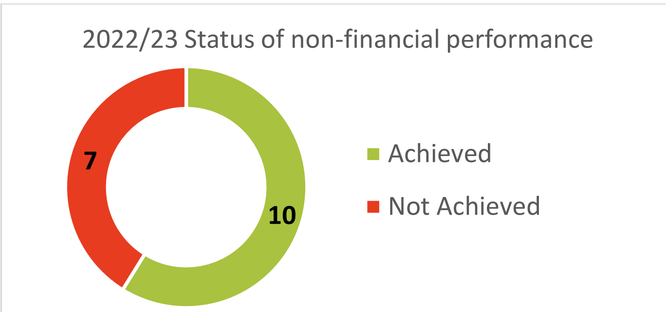
*External implications for statements about performance*

There are conditions that affect the non-financial performance measures results and may result in a variation from the anticipated or forecasted results. These are ones which are outside the control of Greater Wellington. Examples of this are, but not limited to adverse weather conditions, changes in government policy in New Zealand, changes in international travel restrictions, global and domestic economic conditions and international policy that may impact areas such as ability to safely deliver environmental restoration or pest management activities, recruitment, availability of material and supplies (for example, materials required for critical infrastructure), volatility in international financial markets and other unforeseen considerations.

**Attachment 1 to Report 23.533**

# Ko te Haumaru Taiao me te Waipuke | Environment and Flood Protection

*Overall Summary of the year's performance*




Greater Wellington's Environment and Flood Protection activities achieved 59 percent of their seventeen performance measures this year.

For more detailed information on these performance measures including explanations for measures that were not achieved, please see the 'Measuring our Performance' section below.

Greater Wellington is responsible for the regulation, protection, and enhancement of the Region's natural resources. We are responsible for regulating the use of these natural resources, protecting the highest value biodiversity areas, managing flood risk across the Region, and managing public land on behalf of the community including eight Regional Parks. We also look after the Region's harbours and manage environmental threats such as pest plants and animals. We do this work through regional policies, plans, resource consents and working collectively alongside our community and partners.

*Overview of the year*

This year has been defined by its severe weather events, which required us to re-evaluate work programmes, and focus on delivering high priority work. The impacts of severe weather were both direct and indirect; certain work was unsafe to undertake during severe weather, and many of our subject matter experts were engaged in supporting partners and communities to recover from the worst of the impacts, most notably from Cyclone Gabrielle.

This year Greater Wellington implemented a significant organisational change process for our environment and flood protection activities. In design and development for several years, the change enables Greater Wellington to better organise staff, align strategies, and embed a focus on Māori outcomes. Underpinning the change is a new operating model for the Environment Group (te Rōpū Taiao), which was effective from May 2023 and drives an integrated and more holistic approach to undertaking our mahi, alongside the aspirations of our mana whenua partners and others. This model is supported by four focus areas for work ahead:

1. Co-design and co-delivery, working closely with communities
2. Investing in new ways to manage flood risks

3. Implementing Toitū Te Whenua Parks Network Plan
4. Regional pest management focus on deer and goats

We are focused on engagement and partnership with mana whenua throughout our mahi and especially in our environmental restoration programmes and our work towards regional natural resource and biodiversity planning. These programmes also deliver on our commitment to the climate emergency, for example, reducing grazed land is an important part of our overall emissions reduction, and treating erosion-prone areas supports greater resilience to climate-driven severe weather.

For more information on how we're delivering outcomes for mana whenua and Māori see page 18, and for how we're responding to the climate emergency see page 22.

*Improving the health of our waterways*

This year we used **skyTEM aerial surveying** over the Ruamāhanga Valley in the Wairarapa to scan for aquifers. Using this non-invasive scanning technology enables us to provide valuable insights about how water filters and cycles through the ground, and an overall better understanding of critical ground water resources.

The **Regional Riparian Programme** was delivered to target areas, including 89 percent of high impact areas. By implementing stock exclusion rules and increasing adoption of riparian management as a regular farming practice, the programme aims to improve water quality and support on-farm biodiversity.

As part of the **Hill Country Erosion Programme**, we treated 1,405 hectares of land. The Hill Country Erosion programme improves water quality through more sustainable land use and better mitigation of erosion on high-risk land, ultimately preventing silt and other material entering the waterway. A new contract of $3.6m is in place to support the continuation of this work over the next four years.

The **Mahi Wairoa Project** has completed its first phase of work, which was centred on testing our approach for Catchment planning and implementation. As a result, three new approaches have been identified:

1. Sediment reduction options analysis and mitigations in Pouewe and Takapu water management units
2. Inanga habitat and riparian restoration along the Waitohu stream
3. Reducing the effects of nitrogen on and in local waterways through water races work with the Parkvale catchment community and others.

**Whaitua Implementation Programmes** are tracking well, with progress on recommendations for the Ruamāhanga, Te Awarua-o-Porirua and Te Whanganui-a-Tara Whaitua. Whaitua programmes focus on maintaining and growing the health of catchments – the areas of land that focus water into streams and rivers. By planning restoration at a catchment level, we can take a holistic approach and improve the health of the waterways over time. The majority of key regulatory recommendations have now been made, with recommendations for Porirua and Te Whanganui-a-Tara now underway.

*Protecting and restoring ecosystems*

Our region-wide **wetland restoration programme** supports the protection, management and restoration of wetlands in the Wellington region, including administering incentives for landowners on predominantly private land. This year was very successful; delivering 32 restoration management plans (ready to be signed/approved), fencing of 17 sites and undertaking weed control at 44 sites.

Our **pest management programmes** delivered 'on target' this year, including providing protection to native bird species such as black billed gulls, banded dotterel, black shags, New Zealand pipits, bittern, dabchicks and pied stilts. Predator Free Wellington achieved a significant result with 80 percent of the Miramar Peninsula eliminated from rats, possums and mustelids.

We hit our targets for pest plant and animal control for **Wairarapa Moana Wetlands**, extending our coverage of restoration activities carried out to over 8.2 hectares. This work boosts recreational and economic opportunities and ensures Wairarapa Moana is highly valued as a place of historical and cultural significance. Community groups and schools are important partners in this work and have participated extensively in freshwater education programmes and community action planning.

We advanced our **Recloaking Papatūānuku** programme this year, completing the wetland restoration work at Queen Elizabeth Park, undertaking pest plant and animal management, and putting 400,000 plants into the ground as part of our winter planting activities.

### *Holistic planning for te taiao*

We completed the public engagement process, including feedback assessment, on **Mauri Tūhono** – an environmental framework co-designed by mana whenua, Greater Wellington and the Department of Conservation. The intent of the framework is to answer the karanga (call) from te taiao (the environment) and transform how we relate to it.

This year the **Natural Resources Plan** graduated from 'proposed' to 'approved', representing 12 years of *mahitahi* in partnership with Greater Wellington, mana whenua and communities. The Natural Resources Plan takes a holistic approach, whereas previous plans took separate approaches to manage air quality, freshwater, soil, and discharges to land and coastal areas. The Natural Resources Plan is a unique and transformative leap forward, enabling an integrated way to manage natural resources across the entire region. We also notified on **Proposed Change 1 to the Regional Policy Statement**, relating to proposed changes to address issues related to climate change and indigenous biodiversity. Hearings on these changes began in June 2023.

**Attachment 1 to Report 23.533**

*Measuring our performance*

| Strategic Priorities | Key Result Areas | Levels of Service | Performance Measures | Baseline (2019/20) | 2021/22 Result | 2021/22 Status | 2022/23 Target | 2022/23 Result | 2022/23 Status | Narrative Key |
|---|---|---|---|---|---|---|---|---|---|---|
| Protect and restore our freshwater quality and blue belt | Delivery of the Ruamāhanga, Te Awarua-o-Porirua and Te Whanganui-a-Tara Whaitua implementation programmes | Water quality in the region is maintained or improved | Macroinvertebrate Community Index (MCI) score is maintained or improved[4] | New Measure | Achieved[5] | **Achieved** | Achieved | Achieved[6] | **Achieved** | |
| | | Support landowners through incentive funding and advice to develop and implement Farm Environment Plan actions, which reduce nutrient and sediment discharges or enhance biodiversity | Percentage of Greater Wellington incentive funding[7] used to advance Whaitua Implementation Programme priorities or to enhance or protect threatened biodiversity, through completion of high impact actions on private land | New Measure | 98.3% | **Achieved** | 75% | 94% | **Achieved** | A |
| | | Deliver treatment programme on identified erosion-prone land | Erosion-prone hill country treated | 755 ha | 850 ha | **Achieved** | 825 ha | 1,405 ha | **Achieved** | B |



[4] Aquatic macroinvertebrates (i.e. animals without backbones that can be seen with the naked eye, e.g. shrimps, worms, crayfish, aquatic snails, mussels, aquatic stage of some insect larvae, such as dragonfly larvae, mayflies, caddisflies, etc.) are commonly used biological indicators for freshwater ecosystem health throughout New Zealand and around the world. Macroinvertebrates are widely used because they are abundant, easy to collect and identify, have relatively long life-cycles, and are sensitive to multiple pressures (e.g. pollution, habitat removal, floods, and droughts). This makes macroinvertebrate communities useful to identify where we need to improve our management of these pressures and to show when these pressures are sufficiently addressed.

[5] For 2021/22 97.5% of monitoring sites have maintained or improved their MCI score – only one monitoring site has recorded a decrease, and this is within the variability observed at the site over recent years. Weather conditions and river flows before sampling are a possible cause of this variability with the site assessment around the band A/B threshold.

[6] For 2022/23 97.6% of monitoring sites have maintained or improved their MCI score – only one monitoring site has recorded a decrease, and this is within the variability observed at the site over recent years. Weather conditions and river flows before sampling are a possible cause of this variability with the site assessment around the band A/B threshold.

[7] Greater Wellington incentive funding used to complete high impact actions will be assessed in respect to the three substantive incentive funds aimed at assisting landowners to undertake beneficial freshwater or biodiversity action on their land – these three programmes being: the Riparian Programme, the Farm Planning services fund, and the Wetland Programme.

Attachment 1 to Report 23.533

Greater Wellington
Te Pane Matua Taiao

| Strategic Priorities | Key Result Areas | Levels of Service | Performance Measures | Baseline (2019/20) | 2021/22 Result | 2021/22 Status | 2022/23 Target | 2022/23 Result | 2022/23 Status | Narrative Key |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Provide environmental information to the community and our stakeholders | Timely Information from core environmental monitoring programmes is made available to the public via the Greater Wellington website | New Measure | 3 of 14 (21%) of 2020/21 annual reports published on time | **Not Achieved** | Achieved[8] | 5 of 16 (31%) of 2021/22 annual reports published on time | **Not Achieved** | C |
| | | Monitor compliance with resource consents | Where rates of compliance for high risk activities are less than 80 percent, develop and implement a strategy to improve the rate of compliance | > 80% | Water Takes: Improved from 60.1% to 67.6% | **Achieved** | Improved[9] | Improved[10] | **Achieved** | D |
| | | Customer satisfaction for the resource consent service | Level of overall satisfaction with consent processing services[11] | 4.33 | 4.41 | **Achieved** | >4 | 4.2 | **Achieved** | |
| Protect and restore indigenous biodiversity and ecosystem health | Re-afforestation and protection and restoration of wetlands across our regional parks network | Protect and care for the environment, landscape and heritage | Grazed land retired and restored to its native state | New Measure | 102 ha | **Achieved** | 100 ha | 43 ha | **Not Achieved** | E |
| | | | Indigenous species planted | 63,000 | 46,500 | **Not Achieved** | 60,000 | 158,000 | **Achieved** | F |
| Implementing nature based solutions to | Improve recreational enjoyment and | Customer satisfaction and improved public access | Percentage of regional park visitors that are satisfied with their experience | 98%[12] | 86.4% | **Not Achieved** | 95% | 84% | **Not Achieved** | G |

[8] This target requires 85% of annual monitoring reports to be published within 3 months of completion of the yearly monitoring cycle. For most monitoring programmes the cycle finishes end of June, meaning 12 reports (out of a total of 14 reports for the year) should have been published on Greater Wellington's website by the end of September 2022.
[9] Where the rate of compliance for 2022/23 is better than it was in 2021/22.
[10] Compliance improved for strategies in place, with Earthworks reaching 81% (above the 80% compliance standard.)
[11] On a scale of 1 (very dissatisfied) to 5 (very satisfied)
[12] The 2019/20 result was arrived at via a survey of a randomly selected sample of 500 residents 16+yr in the Wellington Region, telephone interviewing and face to face interviews with questionnaire, 90 percent confidence interval.

**Attachment 1 to Report 23.533**

Greater Wellington
Te Pane Matua Taiao

| Strategic Priorities | Key Result Areas | Levels of Service | Performance Measures | Baseline (2019/20) | 2021/22 Result | 2021/22 Status | 2022/23 Target | 2022/23 Result | 2022/23 Status | Narrative Key |
|---|---|---|---|---|---|---|---|---|---|---|
| climate change | environmental value of regional parks | | Annual number of visits to a regional park | 1.76 million | 1.89 million | **Achieved** | Increase from previous year | 1.68 million | **Not Achieved** | H |
| | Implement the Regional Pest Management Plan (RPMP) and support Predator Free Wellington Initiatives | Provide pest species control services across the region | Provide pest animal and plant management as per RPMP Operational Plans[13] | Not Achieved | Not Achieved | **Not Achieved** | Achieved | Not Achieved | **Not Achieved** | I |
| | | | Provide pest species control services as agreed under Predator Free Wellington | New Measure | Achieved | **Achieved** | Achieved | Achieved | **Achieved** | |
| | | Implement the objectives of the Greater Wellington Biodiversity Strategy | Biodiversity Strategy objectives are being actively progressed by Greater Wellington[14] | New Measure | Achieved | **Achieved** | Achieved | Achieved | **Achieved** | |
| Communities safeguarded from major flooding | RiverLink flood control works completed | Progress towards completion of the RiverLink flood control works | Implement RiverLink in accordance with the approved Preliminary Design | New Measure | Achieved | **Achieved** | Construction started | Achieved | **Achieved** | |
| | | Provide the standard of flood protection agreed with communities | Major flood protection and control works are maintained, repaired, and renewed to the key standards defined in relevant planning documents[15] [16] | Yes | Yes | **Achieved** | Yes | No | **Not Achieved** | J |
| | | Provide information and understanding of | Percentage of identified vulnerable floodplains with a | 30% | 63% | **Achieved** | 35% | 57% | **Achieved** | K |

[13] Operational Plans can be accessed via Greater Wellington's website: https://www.gw.govt.nz/environment/pest-management/pest-management-operations/
[14] There are 15 Biodiversity Strategy objectives. Information is gathered at the end of the financial year on the activities that support each objective to determine progress and status of achievement.
[15] DIA Mandatory Measure
[16] Detailed reporting of maintenance, repair and renewal or upgrade works is included in annual asset management and implementation reports to Greater Wellington Environment Committee.

**Attachment 1 to Report 23.533**

Greater Wellington
Te Pane Matua Taiao

| Strategic Priorities | Key Result Areas | Levels of Service | Performance Measures | Baseline (2019/20) | 2021/22 Result | 2021/22 Status | 2022/23 Target | 2022/23 Result | 2022/23 Status | Narrative Key |
|---|---|---|---|---|---|---|---|---|---|---|
| | | flood risk in the community | flood management plan in place | | | | | | | |
| | | Manage the safety of marine activities in the region's waters | Percentage of identified risks within the Harbour Risk Assessment that have been reviewed | New Measure | 25% | **Not Achieved** | 60% | 15% | **Not Achieved** | L |

*Narrative on Results*

**A –** The target for this measure was developed as part of the 2021-31 Long Term Plan, based on past experience with wetland and riparian (river) restoration work. Because of increased staff resources, increasing regulatory requirements for freshwater standards, and an overall high demand for works, a significant portion of Whaitua programme priorities were suitable for incentive funding.

**B –** This year included a significant amount of native reversion retirement – a process of fencing off land with existing native plants and allowing them to grow to a greater coverage. Native reversion is a cost-effective method of erosion control, allowing us to treat more land with a given budget. Further work was accomplished by using budget underspend from other areas of the erosion control programme.

**C –** Additional resource was brought on in 2022/23 to improve timely completion of reporting, however because of delays in on-boarding new staff and prioritisation of other work the target was missed. The resource gap may be considered again in 2023/24 work programmes.

**D –** Based on compliance rates in 2021/22 four strategies are required for water takes, earthworks, municipal water supplies, and municipal wastewater. All strategies have been developed and in various stages of implementation. Implementation will continue in 2023/24, with the exception of earthworks which reached 81 percent compliance, which is above the threshold.

**E –** The shortfall is due to several factors. Procurement of plants and contractors to plant them takes time to ramp up and meet increased demand. Mana whenua partnerships are a key part of how we plan and implement restoration, and these partnerships require time to develop. Staff changes and turnover in this reporting period also had an effect, as it takes time to embed new people and re-affirm relationships with our partners.

**F –** This measure is over-target because the density of plantings can vary significantly depending on what is required for a given area. Plantings are estimated at an average of 2,500 'stems' per hectare but may be as dense as 10,000 stems per hectare.

**Attachment 1 to Report 23.533**

**G –** In 2021/22 a new survey system was used, changing from a small phone-based sample to an online survey open to the general public. In the 2021/22 survey it was apparent that some parks were incorrectly identified by respondents, including respondents referencing parks not managed by Greater Wellington. In the 2022/23 survey, maps were added to help respondents correctly identify regional parks. As such the 2022/23 data will be used as a baseline and a means of assessing ways to improve satisfaction scores in 2023/24 and beyond.

**H –** The main contributors to the drop in visitors were related to poor weather and counter reliability. Poor weather, particularly during summer, resulted in many park events being cancelled. Counters have reached the end of their maintenance life. A new system for visitor counting will be rolled out during the 2023/24 financial year.

**I –** Work was completed in the Key Native Ecosystem, Biosecurity Services, and Regional Species programmes, however only 85 percent of the Regional Predator Control Programme was completed, primarily due to disruptions caused by Cyclone Gabrielle and other severe weather events.

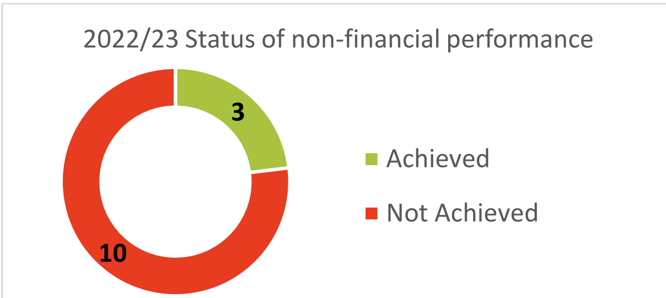
**J –** Delays are primarily due to the availability of materials and equipment, unpredictable weather, and a reduced construction season. These factors have slowed work programme delivery across the region, particularly in the Hutt Valley. Additional delays are due to pending resource consents for the Ōtaki, Waikanae, and Upper Wairarapa rivers. While we have an agreement to undertake temporary works in the Waikanae River, further work is needed to improve the approach to resource consents and engaging with mana whenua.

**K –** There were 19 Vulnerable floodplains identified as 'Catchments of Interest' in the '2022 Regional Flood Exposure Assessment' considering flood history, community at risk, and infrastructure at risk. A floodplain is an area of land adjacent to a watercourse which experiences flooding during periods of high discharge. Additional floodplains may become vulnerable as new development occurs in areas which flood. We develop floodplain management plans (FMPs) for these areas. We currently have FMPs in place for 12 of these 19 vulnerable floodplains.

**L –** The Kaitaki ferry power outage in January and the breakdown of the shipping container vessel Shiling were significant unplanned events and took priority over other work. Our response included immediate coordination work at the time of each incident, and ongoing work afterwards with Maritime NZ around emergency towing procedures and risk management approaches.

# Ngā waka Tūmatanui | Metlink Public Transport

*Overall Summary of the year's performance*




Greater Wellington's Metlink Public Transport activities achieved 23 percent out of their 13 performance measures this year.

For more detailed information on these performance measures including explanations for measures that were not achieved, please see the 'Measuring our Performance' section below.

Greater Wellington manages the Metlink Public Transport network and delivers public transport services to the region. We deliver services across an integrated network of bus routes, five passenger rail lines, the harbour ferries, and Total Mobility services. Passengers, ratepayers, and road users fund these services through fares, rates, and a subsidy from Waka Kotahi NZ Transport Agency. We are also responsible for developing and maintaining public transport infrastructure including railway stations, train maintenance depots, bus and ferry shelters, signs, and Park & Ride facilities.

*Overview of the year*

Staff shortages have had a significant impact on the operation of our bus and rail services. To improve bus driver numbers we have supported improvements to driver conditions, and successfully lobbied Government to improve immigration rules and expand recruitment options. Operators are actively recruiting staff from across New Zealand and from overseas, with a goal of hiring enough drivers to reinstate the levels of service targets originally established for 2020. Starting from a shortage gap of 120 drivers in February 2023, hiring efforts shrunk the gap to 83 drivers by June 2023.

Improving driver wages was an important part of closing the driver shortages gap. On 30 March 2023, Council agreed to increase base rates paid to bus drivers, in accordance with a Central Government funding offer. On 1 April 2023, bus driver wages increased to an average of $30 per hour for 'urban' services and $28 per hour for 'regional' services. Projections on hiring indicate that we will have a full complement of drivers by the end of September 2023. Train services have reached sufficient frontline staff levels, and our rail operator Transdev continues to review requirements and increase staff cover to ensure reliable services.

Slips and slope stability issues on the Kāpiti Line and the work on the Wairarapa Line caused disruptions to rail services throughout the year. Further significant disruptions occurred in May 2023 after Metlink was advised by KiwiRail that there were unforeseen technical issues with the Track

Evaluation Car, which prevented important regular safety inspections of the rail network. Two reviews (one commissioned by Central Government, one internal to KiwiRail) are being undertaken into KiwiRail's response, which will provide future direction and aide in preventing the issue from reoccurring.

Amidst these challenges, there are strong signs of improvement and positive trends in our public transport operations. Patronage on bus and rail continues a positive trend to pre-COVID levels. Bus patronage reached 90 percent and rail reached 75 percent of pre-COVID (2019) levels.

While we continue to restore and expand transport services, we are engaging with ~~engaging with~~ mana whenua partners on ways to include storytelling and history as part of transport infrastructure and continuing to mitigate climate impacts through emissions reduction programmes. For more information on how we're delivering outcomes for mana whenua and Māori see page 18, and for how we're responding to the climate emergency see page 22.

### *New services and easier payment options*

The **new Airport bus service** commenced operation on 1 July 2022, providing express service between Wellington Railway Station and Wellington Airport. The service operates on electric buses, and includes features such as Wi-Fi and payWave, enabling an easier way for visitors to access the service. The service has been very popular, with 364,191 passengers in the first year of operation – 28 percent more than forecast.

Metlink rail customers can now pay for trips using their Snapper card. **Snapper on Rail** went live on the Kāpiti Line on 12 November 2022, and the Melling, Hutt Valley and Wairarapa trains on 27 November 2022. Paper ticket sales at stations ceased on 31 December 2022. The inclusion of Snapper on Rail has had a major impact on convenience, as shown by a four percent increase in satisfaction with payment services in Metlink's annual Passenger Satisfaction Survey.

### *Future Fares Direction*

Council adopted **Future Fares Direction** initiatives in August 2022, following a consultation period with over 1,100 submissions. In February 2023, the Council agreed to implement a suite of fare initiatives, including increasing the off-peak fare discount and providing for cumulative discounts. In addition, Council agreed to implement a six percent fare increase as a result of the Annual Fares Review. The fare changes went live on 1 April 2023.

### *Lower North Island Rail Integrated Mobility*

Following confirmation of Central Government funding, procurement is now underway for 18 four-car tri-mode trains, and associated infrastructure for the Wairarapa and Manawatū Lines. The new trains are expected to significantly increase peak-time services and improve customer experience. Peak time services between Palmerston North and Wellington on the Manawatū line are expected to quadruple, and double between Masterton and Wellington on the Wairarapa line.

**Attachment 1 to Report 23.533**

Greater Wellington
Te Pane Matua Taiao

*Measuring our Performance*

| Strategic Priorities | Key Result Areas | Levels of Service | Performance Measures | Baseline (2019/20) | 2021/22 Result | 2021/22 Status | 2022/23 Target | 2022/23 Result | 2022/23 Status | Narrative Key |
|---|---|---|---|---|---|---|---|---|---|---|
| An efficient, accessible, and low carbon public transport network | Improving the customer experience across all areas of the public transport network | Provide a consistent and high quality customer experience across the public transport network | Passengers' overall satisfaction with the Metlink public transport[17] | New Measure | **Bus:** 93.2% | **Achieved** | 94% | 92% | **Not Achieved** | A |
| | | | | | **Rail:** 95.8% | **Achieved** | 94% | 94% | **Achieved** | |
| | | | | | **Ferry:** 96.1% | **Not Achieved** | 98% | 97% | **Not Achieved** | B |
| | | | Passenger satisfaction with convenience of paying for Metlink public transport[18] | New Measure | 83.1% | **Achieved** | >78% | 87% | **Achieved** | C |
| | | | Passenger satisfaction with Metlink information currently available[19] | New Measure | 77.7% | **Not Achieved** | >89% | 75% | **Not Achieved** | D |
| | | | Passenger satisfaction with Metlink public transport being on time[20] | New Measure | 73.3% | **Not Achieved** | >82% | 69% | **Not Achieved** | E |



[17] The Metlink Public Transport Passenger Satisfaction Survey, which is run twice yearly, is used to determine Customer Satisfaction. Satisfied = score of 6-10 on a scale of 0-10. The question used to determine this measure is: *Thinking about the vehicle you are on now, how satisfied or dissatisfied are you with this trip overall?*

[18] The Metlink Public Transport Passenger Satisfaction Survey is used for this measure. Satisfied = score of 6-10 on a scale of 0-10. The question used to determine this measure is: *Thinking about your experience of public transport (including trains, buses, and harbour ferries) in the Wellington region over the last three months, how satisfied or dissatisfied are you with how convenient it is to pay for public transport?*

[19] The Metlink Public Transport Passenger Satisfaction Survey is used for this measure. Satisfied = score of 6-10 on a scale of 0-10. The question used to determine this measure is: *Overall, how satisfied, or dissatisfied are you with the information about public transport services that is currently available?*

[20] The Metlink Public Transport Passenger Satisfaction Survey is used for this measure. Satisfied = score of 6-10 on a scale of 0-10. The question used to determine this measure is: *Thinking about the vehicle you are on now, how satisfied, or dissatisfied are you with the service being on time (keeping to the timetable)?*

Attachment 1 to Report 23.533

Greater Wellington Te Pane Matua Taiao

| Strategic Priorities | Key Result Areas | Levels of Service | Performance Measures | Baseline (2019/20) | 2021/22 Result | 2021/22 Status | 2022/23 Target | 2022/23 Result | 2022/23 Status | Narrative Key |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Percentage of scheduled bus trips that depart their timetabled starting location on time punctuality) – to 5 minutes[21] | 94.2%[22] | 95.5% | **Achieved** | 95% | 94.4% | **Not Achieved** | F |
| | | | Percentage of scheduled rail services on-time (punctuality) – to 5 minutes[23] | 89.4% | 89.9% | **Not Achieved** | 95% | 80% | **Not Achieved** | G |
| | 40 percent increase in regional mode share for public transport and active modes by 2030 | Promote and encourage people to move from private vehicles to public transport | Annual Public Transport boardings per capita | 63 per capita | 48.4 per capita | **Not Achieved** | 65 per capita | 61.9 per capita | **Not Achieved** | H |
| | | Provide fit-for-purpose vehicles, infrastructure, and services to continually deliver a high quality core network that meets ongoing demand | Percentage of passengers who are satisfied with the condition of the station/stop/wharf[24] | New measure (88% Nov 2020) | 87.6% | **Not Achieved** | 92% | 91% | **Not Achieved** | I |
| | | | Percentage of passengers who are satisfied with the condition of the vehicle fleet[25] | New measure (94% Nov 2020) | 94.9% | **Achieved** | 93% | 94% | **Achieved** | |

[21] This measure is based on services that depart from origin, departing between one minute early and five minutes late. Punctuality does not include cancelled services. Cancelled services are accounted for in 'reliability', which is not a measure included in the 2021-31 Long Term Plan. Reliability is reported monthly on www.metlink.org.nz/news-and-updates/surveys-and-reports/performance-of-our-network

[22] 2019/20 result: Measure excludes trips where the start time of the trip was not recorded. This could have been due to trip being cancelled or not run, an equipment failure or driver did not trip on at origin. Trips where there is no origin data represents 11.5 percent of total trips.

[23] The rail punctuality measure is based on rail services arriving at key interchange stations and final destination, within five minutes of the scheduled time.

[24] The Metlink Public Transport Passenger Satisfaction Survey is used for this measure. Satisfied = score of 6-10 on a scale of 0-10. The question used to determine this measure is: *How satisfied or dissatisfied are you with the condition of the stop/station/wharf?*

[25] The Metlink Public Transport Passenger Satisfaction Survey is used for this measure. Satisfied = score of 6-10 on a scale of 0-10. The question used to determine this measure is: *How satisfied or dissatisfied are you with the condition of this vehicle?*

**Attachment 1 to Report 23.533**

| Strategic Priorities | Key Result Areas | Levels of Service | Performance Measures | Baseline (2019/20) | 2021/22 Result | 2021/22 Status | 2022/23 Target | 2022/23 Result | 2022/23 Status | Narrative Key |
|---|---|---|---|---|---|---|---|---|---|---|
| | Reducing public transport emissions by accelerating decarbonisation of the vehicle fleet (bus, rail, ferry) | Gross emissions for Metlink's public transport fleet will be minimised, reducing the offsets required to reach net carbon neutrality | Tonnes of $CO_2$ emitted per year on Metlink Public Transport Services | New Measure (22,761)[26] | 23,442 tCO2e (2020/21) [27] | **Not Achieved** | 19,223 tCO2e | 21,019 tCO2e (2021/22)[28] | **Not Achieved** | J |
| | | Reduction of accidental death and serious injury on the public transport network and prioritisation of safety and maintenance on the Public Transport network to encourage safe behaviours | Accidental deaths and serious injuries sustained on the Public Transport network as a result of Metlink or operator activity[29] | New Measure | Completed | **Achieved** | 5% decrease from previous year | 3 serious injuries | **Not Achieved** | K |

*Narrative on Results*

**A –** Frontline Public Transport staff shortages have had a significant impact on the operation of our bus services this year. Our operators are actively recruiting staff from overseas and domestic markets and have reported that they expect a full complement of drivers by the end of September 2023.

[26] The baseline was amended from what was published in the 2021-31 Long Term Plan. The amendment baseline includes emissions for rail replacement bus services, resulting in an additional 719.6 tonnes of CO2e. A correction was also made due to an error in the financial period reported as June-May to the correct July, which resulted in an additional 0.1% (~25 additional tonnes of CO2e) in the baseline figure.
[27] 2020/21 financial year results are reported against the 2021/22 target figure as 2021/22 data from all the operational sources was not available on-time.
[28] 2021/22 financial year results are reported against the 2022/23 target figure as 2022/23 data from all the operational sources was not available on-time.
[29] This measures events on the Metlink Public Transport network that have resulted in an accidental death or serious injury to a member of the public or Metlink staff member.

Greater Wellington
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**B –** Satisfaction with the ferry trip increased 1 percent (to 97 percent) compared to 2021/22. This is a relatively high score, despite some disruption through the year due to fleet availability. Improvements to this should see an improvement in satisfaction.

**C –** Satisfaction with the convenience of paying has improved considerably. The introduction of Snapper payment onto the rail network has had a strong influence, with the increase in satisfaction of four percent from the previous year, to a total of 87 percent.

**D –** This score has been influenced by disruptions on the rail network, with rail showing a significant drop of 10 percent (to 75 percent) when compared to the previous year. Improvements to the Metlink website and app were launched after the survey, which aim to improve the customer experience by keeping them up to date when disruptions occur.

**E –** The delivery of bus services continues to be negatively impacted by significant driver shortages. As at 30 June 2023 we are approximately 83 drivers short across the bus network. Ongoing issues related to the slips/slope stability and associated speed restrictions on the Kāpiti Line, and work on the Wairarapa Line, affected performance on the rail network.

**F –** The majority of our network achieved well over the 95 percent target. Bus punctuality is affected by external factors such as traffic, particularly in Wellington City, Porirua and the Wairarapa. Lower scores in these areas have affected the overall percentage.

**G –** Ongoing issues related to slope stability and the associated speed restrictions on the Kāpiti Line significantly impacted on-time performance. Most speed restrictions were lifted at the beginning of March 2023, and performance immediately improved in those areas. Remaining speed restrictions were lifted at the end of May 2023, after KiwiRail monitoring equipment was in place.

**H –** While we have continued to see reduced passenger boardings compared to pre-COVID (2019), the 2022/23 result (61.9 annual boardings per capita) shows a marked improvement from the prior year (48.4 annual boardings per capita). Bus patronage is now 90 percent of pre-COVID levels and rail patronage is 75 percent.

**I –** Satisfaction with the condition of the station/stop/wharf is consistent with previous years, with a slight drop for rail and slight increase for ferry. We have an ongoing programme to put in new and improved bus shelters across the network.

**J –** Our Metlink Public Transport service activity sources included diesel use on our services (bus, rail, ferry, and total Mobility Taxi), electricity (ferry, rail, busses, bus and rail infrastructure), and public waste collection from our railway stations. While most sources of transport-related emissions reduced from the previous year, they were slightly above the target.

**K –** There were three incidents of serious injuries, and no deaths reported in 2022/23. This is an increase compared to no reported incidents the previous year. Two years of data is not sufficient to set trends or projections. We will continue work to refine our targets for accident reduction.

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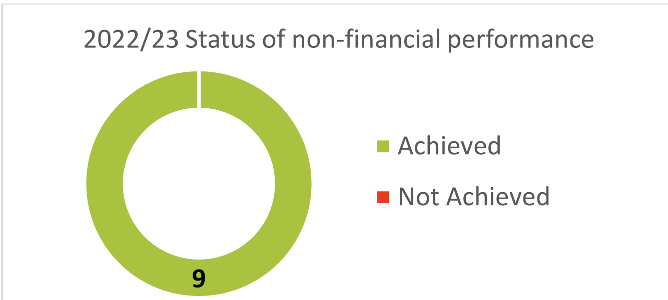
# Ko te mahere ā-rohe me ngā rangapū | Regional Strategy and Partnerships

## *Overall Summary of the year's performance*




Greater Wellington's Regional Strategy and Partnerships activities achieved 100 percent out of their nine performance measures this year. For more detailed information on these performance measures including explanations for measures that were not achieved, please see the 'Measuring our Performance' section below.

Greater Wellington coordinates Regional Strategy and Partnership activities on a range of issues and priorities across the Region. Our approach is to build, develop and maintain strong relationships so we can achieve integrated decision making at a regional level and ensure the successful delivery of key regional projects. This includes building sustainable partnerships with mana whenua, and regional planning with territorial authorities and Central Government. We also coordinate regional spatial and transport planning, planning for action on climate change, regional economic development plans and regional emergency management.

## *Overview of the year*

The year saw steady progress on major regional projects and collaborative regional plans. We coordinated action across the Region to address climate change, support economic development and improve transport systems. We welcomed a new Council, following the 2022 Local Government Elections, and continued to support emergency response.

The largest challenge this year was responding to the impacts of Cyclone Gabrielle. These impacts extended into our Region, with severe impacts to communities in the Wairarapa. Recovery is an ongoing process, and for those affected it will be a part of their story for years to come. We also responded to significant change coming from Central Government with advocacy and advice to our Central and Local Government partners.

Our partnerships with mana whenua and Māori are a significant part of our work and are embedded directly and indirectly into our programmes and the way we engage with communities. Examples from this year include establishing a Long Term Plan committee that includes mana whenua representatives, engaging with mana whenua in developing regional programmes, and implementing Te Whāriki – an outcomes-based framework for how we plan and deliver our work.

**Attachment 1 to Report 23.533**

For information on how we're delivering outcomes for mana whenua and Māori see page 18, and for how we're responding to the climate emergency see page 22.

*Let's Get Wellington Moving*

A huge amount of work has gone into planning and collaborating on the Let's Get Wellington Moving programme this year. We provided strategic support and advice on the **Golden Mile** and **Hutt Road-Thorndon Quay** facets of the programme, ahead of the final design work slated for 2022/23. We also worked with Wellington City Council to establish the team that will deliver the **Travel Demand Management Programme.**

*Collaborating on transportation activities*

This year we have provided expertise in transport analytics and facilitated regional partnerships between cities and regional partners. We led the development of the first **Regional Speed Management Plan** as part of Waka Kotahi's Road to Zero project and developed a new strategic transport modelling tool. This tool provides more robust transport modelling, which can then be used to decide where we should invest our money. The model has already been useful to inform several projects including Let's Get Wellington Moving and the Wellington Region's Future Development Strategy.

The **Movin' March** programme hit record registrations for the second year in a row. The programme gets schools involved low-carbon means of travel, including safe and sustainable ways that kids can travel to and from school such as walking and cycling.

*Emergency response and recovery*

Greater Wellington staff were deployed to other regions to support responses following severe weather events during the year, including Auckland, Gisborne and the Hawkes' Bay Emergency Coordination Centres, and the National Crisis Management Centre for Cyclone Gabrielle. Cyclone Gabrielle has left lasting impacts on communities in the Wairarapa, and working with other councils and community partners to support recovery will be ongoing. **Wellington Region Emergency Management Office (WREMO)** continued to work with Greater Wellington managers and people leaders throughout the year to train staff and to improve our collective ability to activate and support the Emergency Coordination Centre.

*Environmental and economic partnerships*

Greater Wellington are leading the coordination, analysis, and facilitation of regional plans and partnerships with benefits across environmental and economic sectors. We worked with **WellingtonNZ** to support their implementation of the **Wellington Regional Economic Development Plan**, which works to create sustainable economic growth in the Region.

*Wellington Regional Leadership Committee (WRLC)*

Greater Wellington continued in its role as the Administrating Authority for the **Wellington Regional Leadership Committee (WRLC).** We supported the WRLC work programme by contributing to the **Future Development Strategy**, **Regional Emission Reduction Plan**, **Wellington Regional Climate Change Impact Assessment,** and **Regional Adaptation Plan**. The WRLC is expected to be undertaking public consultation on the Future Development Strategy in the first half of 2023/24, and the Wellington Regional Climate Change Impact Assessment will be published during 2023/24.

*2022 Elections*

For the 2022 Local Government Elections we ran an awareness campaign to encourage more candidates and voters. The result of the elections led to seven returning Councillors and five new

Councillors forming Greater Wellington's Council for the next three years. Councillors Daran Ponter and Adrienne Staples were confirmed as Chair and Deputy Chair of the Council respectively for a second term.

Greater Wellington Councillors were provided with a robust induction process and interactive reference materials to ensure they were well supported into their roles and able to effectively establish how they would govern over the next three years.

The Council established two new Committees for this triennium, the Long Term Plan Committee, which includes mana whenua representation, and the Te Tiriti Komiti.

Greater Wellington
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*Measuring our Performance*

| Strategic Priorities | Key Result Areas | Levels of Service | Performance Measures | Baseline (2019/20) | 2021/22 Result | 2021/22 Status | 2022/23 Target | 2022/23 Result | 2022/23 Status | Narrative Key |
|---|---|---|---|---|---|---|---|---|---|---|
| Taking regional climate action through regional strategy, collaboration, and advocacy | Working collectively with partners to take regional climate action | Reduction of Greater Wellington's corporate carbon emissions | Reduction in tonnes of $CO_2$ equivalent (tCO2e) emissions[30] | New measure<br><br>Revised 2018/19 baseline: 51,044.61 tCO2e)[31] | 50,342 tCO2e[32] | **Not Achieved** | Reduction from previous year | 48,438 tCO2e[33] | **Achieved** | **A** |
| Regional economic development and recovery in a COVID-19 era | Regional economic recovery including low carbon economic transition | Alignment of Greater Wellington's activities and investment with the priorities of the Wellington Regional Leadership Committee[34] | As the Administering Authority, Greater Wellington will ensure the Committee has an agreed annual work programme and regular progress reporting | New measure | Achieved[35] | **Achieved** | Achieved | Achieved | **Achieved** | |
| Leading regional spatial planning | Implement the Wellington Regional Growth Framework | | | | | | | | | |

[30] This measure is for all of Greater Wellington's corporate greenhouse gas emissions. This includes all business units, and the share for the jointly owned Council Controlled Organisations based on ownership share.
[31] The 2018/19 baseline was revised in in December 2022. The previous baseline was 43,879.91 tonnes CO2e, and the revised baseline is 51,044.61 tonnes CO2e.
[32] The 2021/22 reported result relates to the 2020/21 financial year. Greater Wellington's Corporate carbon emissions are reported one year in arrears due to the data collection and Toitū Envirocare independent audit process.
[33] Corporate emissions declined by 5.1% from base year, from 51,045 tonnes CO2e in 2018/19 to 48,438 tonnes CO2e in 2021/22. Reductions were due primarily to reduced grazing activity on Greater Wellington managed land and from Metlink continuing to increase the number of electric busses.
[34] As the Administrating Authority Greater Wellington supports and enables the operations and success of the Wellington Regional Leadership Committee.
[35] An agreed work programme for 2021/22 was provided by Greater Wellington to the Wellington Regional Leadership Committee (WRLC), which is monitored through regular reporting at WRLC meetings and through the WRLC Annual Report, published in July 2022.

**Attachment 1 to Report 23.533**

Greater Wellington
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| Strategic Priorities | Key Result Areas | Levels of Service | Performance Measures | Baseline (2019/20) | 2021/22 Result | 2021/22 Status | 2022/23 Target | 2022/23 Result | 2022/23 Status | Narrative Key |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Maintain a state of readiness of the Emergency Coordination Centre that is appropriately staffed and equipped to respond to an emergency | A team of CIMS[36] trained Greater Wellington staff is ready to respond to an activation of the Emergency Coordination Centre | New measure | Achieved | **Achieved** | Achieved | Achieved | **Achieved**[37] | |
| An efficient, accessible, and low carbon public transport network | 40 percent increase in regional mode share for Public Transport and active modes by 2030 | Regional transport, planning, leadership, advice, and coordination to guide development and delivery of an integrated, multi-modal regional transport network | Wellington Regional Land Transport Plan is prepared and updated in accordance with the LTMA[38] and central government guidance | New measure | Achieved | **Achieved** | Annual Monitoring report is presented to RTC[39] | Achieved | **Achieved** | |
| | | | Coordinate and deliver new workplace travel programmes with major regional employers | New measure | 0 programmes | **Not Achieved** | 3 new programmes | Achieved | **Achieved** | |
| Effective partnerships and co-designed agreements with mana whenua | Collaborative decision making with mana whenua partners | Effective decision making achieved through active involvement with mana whenua through strong partnership arrangements | Mana whenua report evidence of strong partnership arrangements and progress towards positive outcomes[40] | New measure | Not Achieved | **Not Achieved** | Achieved | Achieved | **Achieved** | B |

[36] CIMS = Coordinated Incident Management System
[37] This is measured through annual reporting by the Wellington Regional Emergency Management Office (WREMO) stating the number of trained staff for the Emergency Coordination Centre based on the training requirements by the National Emergency Management Agency.
[38] LTMA = Land Transport Management Act
[39] RTC = Regional Transport Committee
[40] Annual Qualitative Survey of our six mana whenua partners.

**Attachment 1 to Report 23.533**

Greater Wellington
Te Pane Matua Taiao

| Strategic Priorities | Key Result Areas | Levels of Service | Performance Measures | Baseline (2019/20) | 2021/22 Result | 2021/22 Status | 2022/23 Target | 2022/23 Result | 2022/23 Status | Narrative Key |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Positive outcomes for Māori achieved through effective and resourced planning and engagement | Increased incorporation and use of mātauranga Māori across services delivered by Greater Wellington | New measure | Achieved[41] | **Achieved** | Achieved | Achieved | **Achieved** | C |
| | | Mana whenua and Māori are enabled to achieve strong, prosperous, and resilient outcomes | Deliver Te Matarau a Māui annual work programme as agreed to by independent Board | New measure | Not Achieved | **Not Achieved** | Achieved | Achieved | **Achieved** | D |
| | | | Mana whenua and Māori report they are prepared for managing effective responses to civil defence and other emergencies | New measure | Not Achieved | **Not Achieved** | Achieved | Achieved | **Achieved** | E |

*Narrative on Results*

**A -** Corporate emissions reduced by 5.1 percent from base year, from 51,045 tonnes CO2e in the revised 2018/19 baseline to 48,438 tonnes CO2e in 2021/22. Reductions were due primarily to reduced grazing activity on land managed by Greater Wellington and from Metlink continuing to increase the number of electric busses. For more details see the Greenhouse Gas Emissions Performance Measures Disclosure on page 25.

**B –** All Kaupapa (project related) Funding agreements have been signed along with first tranche funding (of 50 percent of overall amount) and joint work programmes agreed. Regular operational meetings are in place with five of our mana whenua partners.

**C –** In 2022/23 there has been an increase in participation of staff attending the range of in-house capability training to improve their understanding of te ao Māori. Development of Mauri Tūhono with iwi has ensured a Māori perspective is recognised within our Biodiversity operations. The stand up of the new operating model for our Environment Group and the employment of a new Director Mātauranga Taiao and a team of kaimahi enables delivery with a mātauranga approach. We have also made significant progress in developing a Mātauranga Māori Framework as part of the Te Whāriki, our Māori Outcomes framework.

[41] The implementation of Te Whariki – Greater Wellington's Māori Outcomes Framework has been a focus for 2021/22 and has resulted in increased focus on lifting organisational capability with regards to mātauranga Māori.

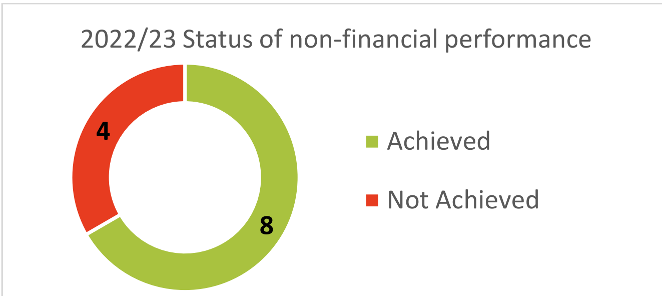
**D –** An annual work programme for Te Matarau a Māui has been developed. Work deliver in 2022/23 includes the He Tipu Pakihi / regional Māori business summit, recruitment of a Ministry of Social Development-funded work broker to assist rangatahi with work opportunities, a Māori land research project based in Ōtaki, and a Māori eco-system development project.

**E –** Progress has been made on all five kaupapa of the Māori Integration Programme this year, a key body of work to expand partnership and include mana whenua and Māori expertise in the wider emergency management system. Progress this year included an agreement for mana whenua to be a part of regional emergency management governance alongside representatives from territorial authorities, marae creating their own emergency plans, and delivery of preparedness workshops for mana whenua and Māori across the rohe.

**Attachment 1 to Report 23.533**

# Ngā Puna Wai | Water Supply

## *Overall Summary of the year's performance*




Greater Wellington's Water Supply activities have achieved 67 percent of their 12 performance measures this year. For more detailed information on these performance measures including explanations for measures that were not achieved, please see the 'Measuring our Performance' section below.

Greater Wellington is responsible for collecting, treating and distributing safe and healthy drinking water to Wellington, Hutt, Upper Hutt and Porirua City councils. This work is carried out for Greater Wellington by Wellington Water Limited (WWL), a joint council-owned water management company. City and district councils are responsible for the distribution of water to households and businesses through their own networks. Providing the bulk water supply to the city councils involves managing an extensive network of infrastructure, ensuring safe, high-quality, secure and reliable water sources, and that our freshwater is sustainable.

## *Overview of the year*

As we prepare for the changes signalled through Central Government's Affordable Waters Reform Greater Wellington continued to deliver bulk water services through Wellington Water Limited, support key projects to improve our Region's bulk water supply and increase the resilience of infrastructure.

### *Progressed capital projects*

Work commenced during the year to increase the resilience of the **Silverstream Pipe Bridge.** Once completed, the upgrades will improve the resilience of the water network by upgrading one of the Region's most critical water supply pipelines, while also improving the walking and cycleways along the bridge.

Work to upgrade **Te Marua Water Treatment Plant** continued through the year as well. These upgrades will increase the capacity of the plant and overall capacity of drinking water supply for the Region. While the project progressed this year, there have been delays while seismic risks are further considered and appropriate options explored.

The **Kaitoke Flume Bridge** provides an important walkway for Kaitoke Park visitors, as well as a key water pipeline that provides approximately 50 percent of the Region's raw water supply. In April

2023 the old concrete bridge was upgraded to a modern steel arch bridge. The new bridge was built with the Region's seismic risk in mind, and is designed to flex rather than break during a major earthquake.

**Attachment 1 to Report 23.533**

Greater Wellington
Te Pane Matua Taiao

*Measuring our Performance*

| Strategic Priorities | Key Result Areas | Levels of Service | Performance Measures | Baseline (2019/20) | 2021/22 Result | 2021/22 Status | 2022/23 Target | 2022/23 Result | 2022/23 Status | Narrative Key |
|---|---|---|---|---|---|---|---|---|---|---|
| A clean, safe, and sustainable future drinking water supply | | Provide water that is safe, and pleasant to drink | Compliance with part 4 of the drinking-water standards (bacteria compliance criteria)[42] | 100% | 100% | **Achieved** | 100% | Not achieved | **Not Achieved** | A |
| | | | Compliance with part 5 of the drinking-water standards (protozoal compliance criteria)[40] | 100% | 100% | **Achieved** | 100% | Not achieved | **Not Achieved** | A |
| | | | Customer satisfaction: number of complaints regarding water clarity, taste, odour, pressure/flow, and supply[40] | 0 | 0 | **Achieved** | <0.2 | 0 | **Achieved** | |
| | | | Number of waterborne disease outbreaks | 0 | 0 | **Achieved** | 0 | 0 | **Achieved** | |
| Reduce water demand to support a sustainable water supply to avoid unnecessary investment in significant new water supply infrastructure | Support the reduction of the overall bulk water supply to the four metropolitan cities by 25 percent by 2030 | Provide a continuous and secure bulk water supply | Average consumption of drinking water per day per resident within the TA districts[40] | 369.8 L/d/p | 382 L/p/d | **Not Achieved** | <375 L/p/d | 398 L/p/d | **Not Achieved** | B |
| | | | Maintenance of the reticulation network: Percentage of real water loss from the networked reticulation system[40, 43] | 0.07%[44] | 0% | **Achieved** | ±2.5 % | 0.03% | **Achieved** | |
| | | Provide a continuous and | Response times to attend urgent call-outs in response to a fault or | Time to reach site: 0 min[46] | 0 minutes (no urgent call-outs) | **Achieved** | <90 min | 0 min (no urgent call-outs) | **Achieved** | |

[42] Non-Financial Performance Measures Rules 2013, Water Supply (DIA Mandatory Measure).
[43] All connections are metered, production flows are subtracted from supply flows and weekly mass balance checks carried out to identify losses. Differences in metering accuracy account for the loss or gain of water supplied rather than leakage or unauthorised use.
[44] This is the non-revenue bulk water as a percentage of the annual production volume. Non-revenue bulk water is the total amount of bulk supplied water that has been used for scouring plus the amount of main leakage from the bulk mass balance.
[46] Zero minutes/hours means there were no urgent call-outs during the 2019/20 year.

Attachment 1 to Report 23.533

Greater Wellington
Te Pane Matua Taiao

| Strategic Priorities | Key Result Areas | Levels of Service | Performance Measures | Baseline (2019/20) | 2021/22 Result | 2021/22 Status | 2022/23 Target | 2022/23 Result | 2022/23 Status | Narrative Key |
|---|---|---|---|---|---|---|---|---|---|---|
| | | secure bulk water supply *(continued)* | unplanned interruption to the network reticulation system[45] | Time to confirm resolution: 0 hours[47] | 0 hours (no urgent call-outs) | **Achieved** | <8 hrs | 0 hrs (no urgent call-outs) | **Achieved** | |
| | | | Response times to attend non-urgent call-outs in response to a fault or unplanned interruption to the network reticulation system[37] | Time to reach site: 0.9 hours | 0 hours (no non-urgent call-outs) | **Achieved** | <72 hrs | 0 hrs (no non-urgent call-outs) | **Achieved** | |
| | | | | Time to confirm resolution: 1.25 days | 0 days (no non-urgent call-outs) | **Achieved** | <20 days | 0 days (no non-urgent call-outs) | **Achieved** | |
| | | | Number of events in the bulk water supply preventing the continuous supply of drinking water to consumers | 0 | 0 | **Achieved** | 0 | 0 | **Achieved** | |
| | | | Sufficient water is available to meet normal demand except in a drought with a severity of greater than or equal to 1 in 50 years | 6.9% | 20% | **Not Achieved** | <2% | 7.4% | **Not Achieved** | C |

*Narrative on Results*

**A –** Wellington Water Limited's compliance assessments for the Region's Water Treatment Plants for the period of July – December 2022 highlighted a number of technical non-compliances that meant we were unable to demonstrate compliance for this period. Taumata Arowai's new compliance rules took effect in November 2022, and Wellington Water Limited have moved their focus to measuring compliance with those rules rather than against the two DIA Mandatory Measures for drinking water standards. DIA have not yet revoked their mandatory measures so Councils are still required to report on these measures. Wellington Water Limited

[45] Non-Financial Performance Measures Rules 2013, Water Supply (DIA Mandatory Measure).
[47] Zero minutes/hours means there were no urgent call-outs during the 2019/20 year

will provide reporting against the Taumata Arowai standards going forward and Greater Wellington will use these as a proxy indicator for drinking water safety in 2023/24.

**B –** Per capita consumption across all councils in the metro area (Wellington City, Hutt City, Upper Hutt City, and Porirua City) has continued to increase, primarily due to leakage, but also in part due to high residential use relative to other cities in New Zealand. Wellington Water Limited continues to promote increased investment in water loss activities and network renewals to bring down water loss to more sustainable levels, together with investment in universal smart metering and additional source capacity work in the near future to better manage the increasing supply/demand balance risk.

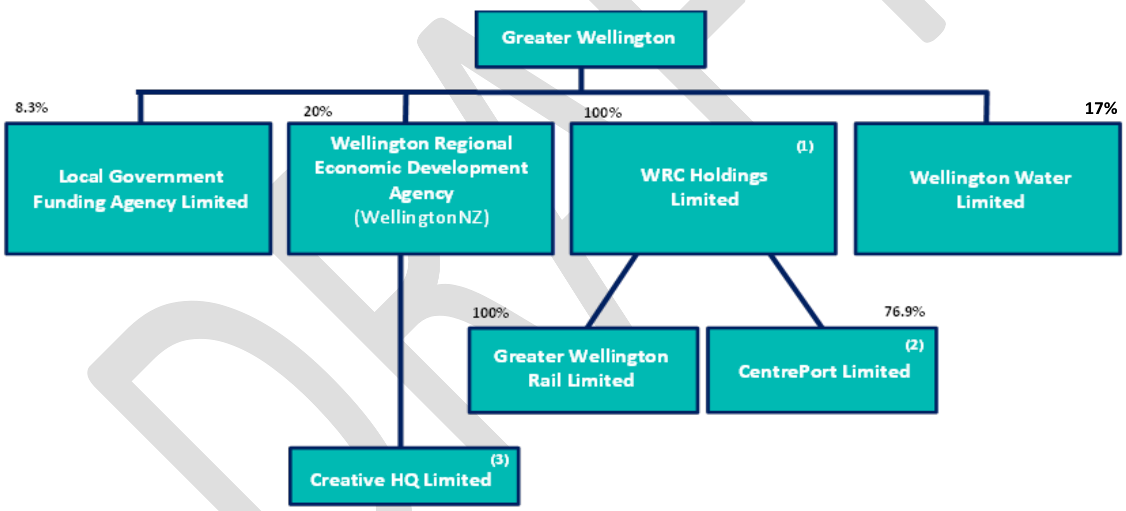
**C –** Completion of the Te Mārua capacity upgrade project is required to return the region to within the target level of service for drought resilience. Work continues on the capacity upgrade project, but has experienced delays this year as seismic risks are further considered. Alongside this project are additional activities to help manage demand are being considered, such as smart metering to provide better insights on water use.

**Attachment 1 to Report 23.533**

# Tā te Kaunihera Rōpū me ngā Mahi Haumi | Council Controlled Organisations and Investments

Greater Wellington has a number of subsidiary entities that deliver services to the Region. These subsidiaries are "council organisations" as defined in the Local Government Act 2002 (section 6.)

For further descriptions of Greater Wellington's Council Controlled Organisations (CCOs), Council Controlled Trading Organisations (CCTOs), Council Organisations (COs) and Investments, please see pages 99-111 of the 2021-31 Long Term Plan.




(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 Governance Act 2002
(3) Council Controlled Organisation in accordance with the Local Government Act 2002

## WRC Holdings Group

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

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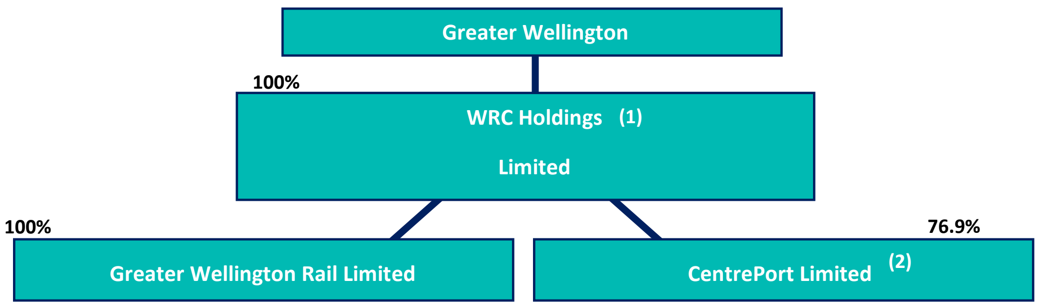


1) Council Controlled Trading Organisation in accordance with the Local Government Act 2002
2) Commercial Port Company pursuant to the Port Companies Act 1988 and not a Council Controlled Organisation in accordance with the Local Governance Act 2002

WRC Holdings Limited is Council's investment holding company. The primary objectives of WRC Holdings Limited 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.

The main operating companies in the Group are CentrePort Limited and Greater Wellington Rail Limited. Each year WRC Holdings Limited provides to Greater Wellington, as 100 percent shareholder, a Statement of Intent for the WRC Holdings Group.

## *WRC Holdings group financial performance targets*

| | **Actual 2023 $'000** | **Target 2023 $'000** | Actual 2022 $'000 |
|---|---|---|---|
| Net (deficit) / surplus before tax | **(20,902)** | (5,774) | (31,340) |
| Net (deficit) / surplus after tax | **(16,513)** | (4,456) | 1,266 |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) | **17,738** | 21,948 | 1,313 |
| Return on Shareholder's equity | **(2.50)%** | **(0.70)%** | 0.20% |
| Return on total assets | **(2.00)%** | **(0.60)%** | (3.10)% |
| Shareholders equity to total assets | **80.00%** | **80.50%** | 68.60% |
| Dividends | **2,400** | 2,300 | 3,800 |

Directors of WRC Holdings and its subsidiaries for the 2022/23 financial year (excluding CentrePort Limited) are:

- Chris Kirk-Burnnand
- David Lee
- David Bassett
- Thomas Nash
- Nick Leggett (independent director)
- Helen Mexted (independent director)
- Nancy Ward (independent director)
- Prue Lamason (ceased 24 November 2022)
- Roger Blakely (ceased 24 November 2022)
- Glenda Hughes (ceased 24 November 2022)

# Greater Wellington Rail Limited

Greater Wellington Rail Limited (GWRL) is owned by WRC Holdings Limited. All capital purchases are funded via issuance of shares from WRC Holdings. The board of GWRL has external directorships providing advice and expertise, common with WRC Holdings Limited. GWRL is asset holding (rolling stock and rail infrastructure) and contracts out the maintenance of these assets. GWRL is wholly owned by WRC Holdings Limited who in turn is wholly owned by Greater Wellington.

GWRL owns Greater Wellington's investments in metro rail assets, which include:

*Rolling Stock*

- 18 SW Carriages
- 6 SE Carriages
- 1 AG Luggage Van
- 2 Remote controlled electric Shunt crabs
- 83 2 Car Matangi units
- 1 Matangi driving simulator

*Infrastructure Assets*

- Thorndon electric multiple unit (EMU) depot and EMU train wash Metro wheel lathe and building
- 48 Railway stations
- 14 Pedestrian over-bridges
- 11 Pedestrian underpasses
- A range of carparks, station improvements and ancillary rail related assets.



### *GWRL non-financial performance targets*

| Level of Service | 2022/23 Result | 2022/23 Target | 2021/22 Result |
|---|---|---|---|
| Percentage of passengers who are satisfied with their current trip | 94% | ≥93% | 96% |
| Percentage of customers who are satisfied with the condition of the station | 90%[1] | ≥92% | 93% |
| Percentage of customers who are satisfied with the inside temperature of vehicles | 93% | ≥93% | 95% |
| Percentage of passengers who are satisfied with the condition of the vehicle fleet | 96% | ≥92% | 97% |
| Percentage of passengers who are satisfied with overall station | 94% | ≥92% | 96% |
| Percentage of customers who are satisfied with the cleanliness of the trains | 89%[1] | ≥91% | 92% |
| Percentage of passengers who are satisfied with provision of shelter from weather at shelter/station | 84% | ≥84% | 85% |
| Percentage of customers who are satisfied with their personal safety at station | 91%[1] | ≥93% | 93% |
| Percentage of passengers who are satisfied with information about service delays or disruptions | 53%[1] | ≥73% | 66% |
| **ROLLING STOCK – ASSET MANAGEMENT** | | | |
| Matangi Mean Distance between failure | 66,529 km | ≥40,000km | 50,262 km |
| Carriage Mean distance between failure | 95,446 km | ≥80,000km | 73,352 km |
| **RAIL FIXED ASSET – ASSET MANAGEMENT** | | | |

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| | | | |
|---|---|---|---|
| Percentage of pedestrian bridges and subways which meet at least 67% of NBS earthquake rating | 79%[2] | 88% | 75% |
| Percentage of stations with CCTV coverage | 96% | 96% | 96% |
| **Average condition grade of:**<br>Station buildings and shelter<br>Structures (subways & bridges)<br>Park & Ride | <br>1.5<br>2.4<br>2.1 | <br>≤2.5<br>≤2.5<br>≤2.5 | <br>1.5<br>2.4<br>2.1 |
| **Percentage of assets in condition grade 4 (Poor) or worse**<br>Station buildings and shelters<br>Structures (subways & bridges)<br>Park & Ride | <br>1.0%<br>5.4%<br>5.0% | <br>≤5%<br>≤8%<br>≤8% | <br>2.3%<br>5.4%<br>4.8% |

1. The customer satisfaction survey was undertaken in May 2023.
2. The addition of the new Trentham Subway into the asset population saw an improved result in 2022/23 compared to 2021/22, however the 2022/23 target was not met due to seismic strengthening work underway not being completed at Epuni and Taita by 30 June 2023.

### *GWRL financial performance targets*

| | **2023 Actual** | **2023 Target** | 2022 Actual |
|---|---|---|---|
| Operating expenditure ($ million) | **53.7** | **39.1** | 46.3 |
| Capital expenditure ($ million) | **19.1** | **18.0** | 13.9 |
| Shareholder fund to total asset* | **81.5%** | **83.1%** | 81.1% |

* Shareholders' Funds (or equity) is defined as the total issued capital plus the balance of undistributed profits and capital reserves.

* Total Assets are defined as all the recorded current and non-current assets of GWRL at their current value as determined by the GWRL's Accounting Policies.

## CentrePort Limited (CPL)

CPL is a Port Company under the Port Companies Act 1988. WRC Holdings holds the shares of CPL. CPL is a commercial organisation and is run by an independent board of directors, unrelated to the Council. CPL provides a commercial return to WRC Holdings Limited by way of dividends.

### *CPL financial performance targets*

| | **2023 Actual $'000** | **2023 Target $'000** | 2022 Actual $'000 |
|---|---|---|---|
| Net profit before tax | **15,500** | **14,300** | 8,200 |
| Net profit after tax (1) | **12,000** | **10,700** | 8,000 |
| Return on total assets (2) | **2.1%** | **2.2%** | 1.6% |
| Return on equity (3) | **2.5%** | **2.3%** | 1.8% |
| Dividend as a % of underlying net profit after tax before earthquake impacts and changes in fair value | **50.3%** | **56.2%** | 74.6% |
| Dividend | **6,000** | **6,000** | 6,000 |

(1) Underlying net profit after tax before earthquake impacts and changes in fair value includes abnormal Items.

(2) Return on assets = earnings before interest, tax, earthquake impacts, and changes in fair value divided by the average opening and closing non current assets.

(3) Return on equity = underlying net profit after tax before earthquake impacts and changes in fair value divided by the average opening and closing total equity.

The Statement of Corporate Intent (SCI) targets are from the SCI for the financial years ended 30 June 2023 to 2025 which was approved for issue in June 2023.

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*CPL non-financial performance targets*

| Objective | Performance measure | 2022 Result | 2023 Target | 2023 Result |
|---|---|---|---|---|
| A zero-harm workplace | Lost Time Injury Frequency (per 200,000 hours worked) | 3.03 | ≤ 2.5 | 1.70 |
| | Lost Time Injury Severity (per 200,000 hours worked) | 8.66 | ≤ 7.75 | 6.17 |
| | bSafe reports (incidents and near miss reports) | 914 | >1,100 | 943[1] |
| | Standard operating procedures (SOPs) reviewed and updated | 160 | 120 | 140 |
| Improve health and safety, staff wellbeing and engagement at work | Health & Safety and employee engagement culture surveys – score improving every survey (18 months) | 70% (FY21) | Improvement on FY21 result | Survey to be carried out in 2024 |
| Increase gender diversity | Overall gender balance (F/M); ELT gender balance (F/M); Board gender balance (F/M) | 18%/82% All; 14%/86% ELT; 33%/67% Board. | Improve on 2022 | 18%/82% All; 14%/86% ELT; 33%/67% Board. |
| Improved productivity across port | Gross crane rate (as measured by Ministry of Transport) | 28.2 | 30.0 | 29.6 |
| Manage the safety of marine activities | Marine activities conducted in accordance with the current Port and Harbour Marine Safety Code (PHSC) | 100% compliance | 100% compliance | 100% compliance |
| | 100% of new tasks or newly identified hazards risk assessed in collaboration with the Wellington Harbourmaster team | 100% compliance | 100% compliance | 100% compliance |
| Operate in a sustainable manner | Net zero emissions by 2040. 30% emission reduction by 2030 relative to 2019 (excluding growth) | 31.4% reduction | 20% reduction on base year, excluding growth | 30.6% reduction based on draft calculation (to be finalised and |
| Financial performance | Group EBITDA | $18.4m | $22.5m | $22.3m |
| | Underlying Net Profit After Tax | $8.0m | $10.7m | $11.9m |
| | Underlying NPAT Return on Group Equity | 1.8% | 2.3% | 2.5% |
| | Dividend | $6.0m | $6.0m | $6.0m |
| Major Regeneration Investments | Investment Execution Performance | Focus on close out works for Container Berth following operationalisation of reinstated berth in March 2022.<br><br>Seaview Wharf Renewal mobilisation | Business Case approved for Inner Harbour Precinct – Stage1 | A draft report has been presented by JLL to discuss potential opportunities for the Inner Harbour Precinct, with an initial focus on Waterloo Wharf. CentrePort is investigating market |

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| | | | | |
|---|---|---|---|---|
| | | complete and physical works related to Phase 1A commencing out on Main Wharf head. Progress made with fuel industry on Phase 1B and 2 though slower than expected due to changes in the industry.<br><br>Ground Resilience of Main Thorndon Reclamation progression in line with expectations. Area 5 completed and remainder progressing in line with expectations.<br><br>Works completed by Future Ports on master plan for Multi-User Ferry Precinct: Master Plan requested by Future Ports.<br><br>Finalising Key Terms with KiwiRail on Interislander SUT (iReX) which is progressing slower than expected. Draft Business case to be updated when finalised. CPL continue to support KiwiRail with design development and construction procurement.<br><br>CPL has engaged support for Inner Harbour Precinct and will proceed with brief development and stakeholder engagement in FY23. | Business Case for KiwiRail Single User Terminal Development approved<br><br>Business Case for Log Yard Regeneration complete | engagement to push ahead.<br><br>Business case approved by shareholders in Q1. Key Commercial Terms co-signed with KiwiRail during Q2. Project currently delayed while KiwiRail undertakes additional design and value engineering work.<br><br>CentrePort will assess market conditions and growth forecasts prior to committing to any log yard development but in parallel is undertaking initial concept engineering. |

1. bSafe numbers were down on target, however the focus has been on quality and ensuring effective closure of corrective actions

## Wellington Regional Economic Development Agency (WellingtonNZ)

WellingtonNZ was established in late 2014. It is owned jointly by Wellington City Council and Greater Wellington. The ownership reflects the proportion of funding by the two shareholding councils. It is run by an independent board of directors. WellingtonNZ is the key agency for economic development in the region, combined with tourism, venues and major events management for Wellington city.

### *WellingtonNZ performance targets*

The performance targets for WellingtonNZ are set through their 2022/23 Statement of Intent. Results against the 2022/23 year will be published in their Annual Report by the end of September 2023.

## Wellington Water Limited (WWL)

WWL was established in September 2014. It is run by an independent board of directors and is accountable to the Wellington Water Committee – a joint committee of elected representatives from each of the shareholding councils and mana whenua representatives. WWL manages water supply activities, delivers capital works programmes and provides councils with asset management and planning advice. WWL manages Greater Wellington's bulk water supply function. They manage local supply, storm-water and waste-water service delivery for five of the territorial authorities in the Wellington Region.

### *WWL performance targets*

Wellington Water Limited's performance measures are set out in the Water Supply section of the 2021-31 Long Term Plan and performance targets for the 2022/23 year are set through Wellington Water Limited's 2022/23 Statement of Intent. Wellington Water Limited's performance against these measures can be found in the Water Supply section of this report, as well as in Wellington Water Limited's 2022/23 Annual Report, available on their website.

## Council Organisations

### *Predator Free Wellington Limited (PFW)*

PFW is a charitable company established in 2018 to implement the Predator Free Wellington Project. Greater Wellington, together with Wellington City Council, holds 49 percent of the total shares (24.5 percent each). NEXT Foundation holds the remaining shares in the PFW (51 percent).

### *Civic Financial Services Limited*

Greater Wellington has a minor equity interest in Civic Financial Services Limited. This investment is owned directly by Greater Wellington rather than via the WRC Holdings Group.

### *Local Government Funding Agency (LGFA)*

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 $1,866,000 of shares in the LGFA. The LGFA assists local authorities with their wholesale debt requirements by providing funds at better rates than are available directly in the marketplace.

Greater Wellington sources term debt requirements from the LGFA and receives an annual dividend. 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 all Councils borrowers.

### *Wellington Regional Stadium Trust (Sky Stadium)*

Sky Stadium[48] is a regional facility which provides a high quality, multi-purpose venue for sporting and cultural events. Greater Wellington appoints one of its Councillors to the Wellington Regional Stadium Trust and jointly with Wellington City Council appoints other trustees. Greater Wellington also monitors the trust's performance against its Statement of Trustees Intent.

## Investments

Greater Wellington has a significant portfolio of investments, comprising: liquid financial deposits, administrative properties (e.g. depots), forestry, equity investments in the WRC Holdings Group (including CentrePort Limited), rail rolling stock and related assets.

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 Limited) and our liquid financial deposits. Investments offset the need for rates revenue. Regional rates would need to be 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.

### *Liquid financial deposits*

Greater Wellington holds $33 million in liquid financial deposits as a result of selling our interest in CentrePort Limited to our wholly owned subsidiary (WRC Holdings Limited). We regularly review the rationale for holding these liquid financial deposits, taking into account the general provisions of our Treasury Management Policy, including our attitude to risk, creditworthy counterparties, and need to hold liquidity to meet liquidity covenants to maintain our high credit rating.

[48] Wellington Regional Stadium Trust was established under the Wellington Regional Council (Stadium Empowering) Act 1996 and is a self-contained statutory body. While it is not a Council Organisation under the Local Government Act 2002, it is treated consistently with organisations that are Council Organisations.

### *Administrative properties*

Our interests in the Upper Hutt and Mabey Road depots are grouped to form an investment category, Administrative Properties.

### *Forestry*

Greater Wellington and our predecessor organisations have been involved in forestry for many years, primarily for soil conservation and water quality purposes. The organisation holds 6,000ha of forested land, of which about 4,000ha is in the western or metropolitan part of the region, with the remaining 2,000ha in Wairarapa. The cutting rights to these forests were sold for a period of up to 60 years in the 2013/14 year. Our overall investment policy with regard to forestry is to maximise long-term returns while meeting soil conservation, water quality and recreational needs.

# Wāhanga tuatoru: He pūrongo pūtea | Section three: Financial performance

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# He Tauākī Pūtea a Te Pane Matua Taiao mō ngā Hua | Activity Group Funding Impact Statements


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# Ko te Haumaru Taio me te waipuke | Environment and Flood Protection

| Environment and Flood Protection Funding Impact Statement | Actual 2023 $'000 | Long-term plan 2023 $'000 | Actual 2022 $'000 | Long-term plan 2022 $'000 |
|---|---|---|---|---|
| **Sources of operating funding** | | | | |
| General rate | 63,797 | 62,640 | 56,333 | 57,222 |
| Targeted rates | 9,657 | 10,632 | 8,504 | 9,172 |
| Subsidies and grants for operating purposes | 5,724 | 3,391 | 8,160 | 10,994 |
| Interest and dividends from investments | 338 | - | 111 | - |
| Fees and charges | 5,654 | 7,998 | 1,586 | 8,270 |
| Fines, infringement fees, and other receipts 1 | 14,058 | 10,697 | 17,079 | 15,333 |
| **Total operating funding** | **99,228** | **95,358** | **91,773** | **100,991** |
| **Applications of operating funding** | | | | |
| Payments to staff and suppliers | (69,683) | (61,961) | (56,876) | (65,312) |
| Finance costs | (5,607) | (5,785) | (5,073) | (5,578) |
| Internal charges and overheads applied | (21,203) | (17,914) | (18,400) | (17,406) |
| **Total applications of operating funding** | **(96,493)** | **(85,660)** | **(80,349)** | **(88,296)** |
| **Surplus/(deficit) of operating funding** | **2,735** | **9,698** | **11,424** | **12,695** |
| **Sources of capital funding** | | | | |
| Subsidies and grants for capital expenditure | 5,789 | - | - | - |
| Increase (decrease) in debt | 33,787 | 30,261 | 28,511 | 20,529 |
| Gross proceeds from sale of assets | 521 | 288 | 73 | 261 |
| **Total sources of capital funding** | **40,097** | **30,549** | **28,584** | **20,790** |
| **Applications of capital funding** | | | | |
| to meet additional demand | - | - | - | - |
| to improve the level of service | (38,431) | (34,715) | (34,352) | (29,481) |
| to replace existing assets | (4,820) | (5,274) | (1,972) | (3,966) |
| (Increase)/decrease in reserves | 850 | (7) | (3,388) | 203 |
| (Increase)/decrease of investments | (431) | (251) | (296) | (241) |
| **Total applications of capital funding** | **(42,832)** | **(40,247)** | **(40,008)** | **(33,485)** |
| **Surplus/(deficit) of capital funding** | **(2,735)** | **(9,698)** | **(11,423)** | **(12,695)** |
| **Surplus/(deficit) of funding** | **-** | **-** | **-** | **-** |
| Depreciation on assets | 6,671 | 6,170 | 5,048 | 5,314 |

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| Environment and Flood Protection Funding Impact Statement | Actual 2023 $'000 | Long-term plan 2023 $'000 | Actual 2022 $'000 | Long-term plan 2022 $'000 |
|---|---|---|---|---|
| **Sources of operating funding** | | | | |
| Flood protection and control works | 27,633 | 28,585 | 30,452 | 33,454 |
| Regional parks | 8,724 | 8,673 | 8,359 | 8,033 |
| Resource management | 29,893 | 28,347 | 26,097 | 27,794 |
| Land management | 11,051 | 12,291 | 8,872 | 11,856 |
| Biodiversity management | 8,737 | 6,789 | 6,921 | 6,291 |
| Pest management | 10,583 | 7,972 | 8,445 | 10,967 |
| Harbour management | 2,607 | 2,701 | 2,627 | 2,597 |
| **Total operating funding** | **99,228** | **95,358** | **91,773** | **100,992** |
| **Applications of operating funding** | | | | |
| Flood protection and control works | (25,274) | (21,382) | (23,342) | (22,478) |
| Regional parks | (7,644) | (7,522) | (7,032) | (6,998) |
| Resource management | (31,033) | (27,223) | (24,964) | (27,139) |
| Land management | (11,266) | (12,118) | (7,943) | (11,679) |
| Biodiversity management | (8,239) | (6,773) | (6,392) | (6,282) |
| Pest management | (9,949) | (8,015) | (7,911) | (11,154) |
| Harbour management | (3,088) | (2,627) | (2,766) | (2,567) |
| **Total applications of operating funding** | **(96,493)** | **(85,660)** | **(80,350)** | **(88,297)** |
| **Capital expenditure** | | | | |
| Capital Projects | 30,802 | 38,862 | 11,001 | 32,345 |
| Land and Buildings | 12,449 | - | 24,791 | - |
| Plant and Equipment | - | 165 | 597 | 165 |
| Vehicles | - | 962 | - | 937 |
| **Total capital expenditure** | **43,251** | **39,989** | **36,389** | **33,447** |

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# Ngā Waka Tūmatuanui | Metlink Public Transport

| Metlink Public Transport Funding Impact Statement | Actual 2023 $'000 | Long-term Plan 2023 $'000 | Actual 2022 $'000 | Long-term Plan 2022 $'000 |
|---|---|---|---|---|
| **Sources of operating funding** | | | | |
| Targeted rates | 90,574 | 92,354 | 81,810 | 81,810 |
| Subsidies and grants for operating purposes | 188,418 | 107,475 | 129,664 | 97,488 |
| Fees and charges | 37,712 | 100,934 | 52,290 | 97,348 |
| Fines, infringement fees, and other receipts | 5,459 | 4,143 | 4,221 | 5,016 |
| **Total operating funding** | **322,163** | **304,906** | **267,985** | **281,662** |
| **Applications of operating funding** | | | | |
| Payments to staff and suppliers | (277,800) | (270,725) | (254,033) | (251,991) |
| Finance costs | (9,376) | (9,623) | (9,814) | (10,259) |
| Internal charges and overheads applied | (16,872) | (15,195) | (16,259) | (14,764) |
| **Total applications of operating funding** | **(304,048)** | **(295,543)** | **(280,106)** | **(277,014)** |
| **Surplus/(deficit) of operating funding** | **18,115** | **9,363** | **(12,121)** | **4,648** |
| **Sources of capital funding** | | | | |
| Subsidies and grants for capital expenditure | 17,838 | 28,075 | 12,520 | 18,285 |
| Increase (decrease) in debt | (1,665) | 13,281 | 14,826 | 9,262 |
| Gross proceeds from sale of assets | - | 10 | - | 10 |
| **Total sources of capital funding** | **16,173** | **41,366** | **27,346** | **27,557** |
| **Applications of Capital funding** | | | | |
| to meet additional demand | - | - | - | - |
| to improve the level of service | (5,157) | (5,738) | (3,659) | (3,328) |
| to replace existing assets | (12,375) | (31,160) | (5,722) | (13,468) |
| (Increase)/decrease in reserves | 1,720 | 4,194 | 7,841 | 2,246 |
| (Increase)/decrease of investments | (18,476) | (18,024) | (13,685) | (17,655) |
| **Total capital expenditure** | **(34,288)** | **(50,728)** | **(15,225)** | **(32,205)** |
| **Surplus/(deficit) of capital funding** | **(18,115)** | **(9,363)** | **12,121** | **(4,648)** |
| **Surplus/(deficit) of funding** | **-** | **-** | **-** | **-** |
| Deprecation on council assets | 4,773 | 7,299 | 5,392 | 6,296 |

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| Metlink Public Transport Funding Impact Statement | Actual 2023 $'000 | Long-term Plan 2023 $'000 | Actual 2022 $'000 | Long-term Plan 2022 $'000 |
|---|---|---|---|---|
| **Sources of operating funding** | | | | |
| Strategy and Customer | 13,829 | 4,470 | 20,777 | 2,406 |
| Operations and Commercial Relationships | 214,300 | 244,343 | 189,342 | 225,231 |
| Assets and Infrastructure | 94,034 | 56,092 | 57,867 | 54,025 |
| **Total operating funding** | 322,163 | 304,905 | 267,986 | 281,662 |
| **Applications of operating funding** | | | | |
| Strategy and Customer | (8,190) | (3,487) | (2,458) | (2,099) |
| Operations and Commercial Relationships | (208,115) | (250,792) | (197,948) | (233,682) |
| Assets and Infrastructure | (87,743) | (41,264) | (79,700) | (41,233) |
| **Total operating funding** | (304,048) | (295,543) | (280,106) | (277,014) |
| **Surplus/(deficit) of operating funding** | 18,115 | 9,362 | (12,120) | 4,648 |
| **Investment in Greater Wellington Rail Limited** | | | | |
| Rail operations and asset management | 18,476 | 18,024 | 13,685 | 17,655 |
| **Total sources of capital funding** | 18,476 | 18,024 | 13,685 | 17,655 |
| Public transport network and infrastructure | 17,532 | 36,858 | 6,259 | 16,756 |
| **Total capital project expenditure** | **17,532** | **36,858** | **6,259** | **16,756** |
| Vehicles | - | 40 | - | 40 |
| Land and Building | - | - | 74 | - |
| Plant and Equipment | - | - | 3,048 | - |
| **Total Capital Expenditure** | **17,532** | **36,898** | **9,381** | **16,796** |
| Total Investment in Public Transport Infrastructure | 36,008 | 54,922 | 23,066 | 34,451 |

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# Ko te Mahere ā-Rohe me Ngā Rangapū | Regional Strategy and Partnerships

| Regional Strategy and Partnerships Funding Impact Statements | Actual 2023 $'000 | Long-term Plan 2023 $'000 | Actual 2022 $'000 | Long-term Plan 2022 $'000 |
|---|---|---|---|---|
| **Sources of operating funding** | | | | |
| General rates, uniform annual general charge, rates penalties | 13,692 | 14,158 | 12,572 | 12,572 |
| Targeted rates | 5,985 | 7,255 | 7,569 | 7,559 |
| Subsidies and grants for operating purposes | 3,686 | 1,507 | 1,739 | 1,531 |
| Fees and charges | 17 | 19 | 18 | 18 |
| Interest and dividends from investments | - | - | 722 | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 5,590 | 3,785 | 6,174 | 3,744 |
| **Total operating funding** | **28,970** | **26,724** | **28,794** | **25,424** |
| **Applications of operating funding** | | | | |
| Payments to staff and suppliers | (28,173) | (39,931) | (24,403) | (36,776) |
| Finance costs | (290) | (1,531) | (622) | (1,184) |
| Internal charges and overheads applied | (4,826) | (87) | (3,852) | (77) |
| **Total applications of operating funding** | **(33,289)** | **(41,549)** | **(28,877)** | **(38,037)** |
| **Surplus/(deficit) of operating funding** | **(4,319)** | **(14,825)** | **(83)** | **(12,613)** |
| **Sources of capital funding** | | | | |
| Subsidies and grants for capital expenditure | - | 57 | 650 | 510 |
| Increase (decrease) in debt | 14,610 | 15,073 | (7,394) | 14,425 |
| Gross proceeds from sale of assets | - | 31 | - | 30 |
| **Total sources of capital funding** | **14,610** | **15,161** | **(6,744)** | **14,965** |
| **Applications of Capital funding** | | | | |
| to meet additional demand | - | | - | - |
| to improve the level of service | (105) | | (63) | - |
| to replace existing assets | (313) | (228) | (1,007) | (1,145) |
| (Increase)/decrease in reserves | (9,873) | 239 | 7,897 | 172 |
| (Increase)/decrease of investments | - | (347) | - | (1,379) |
| **Total application of capital funding** | **(10,291)** | **(336)** | **6,827** | **(2,352)** |
| **Surplus/(deficit) of capital funding** | **4,319** | **14,825** | **83** | **12,613** |
| **Surplus/(deficit) of funding** | **-** | **-** | **-** | **-** |
| Deprecation on council assets | 83 | 596 | 88 | 395 |

**Attachment 1 to Report 23.533**

| **Regional Strategy and Partnerships Funding Impact Statements** | Actual 2023 $'000 | Long-term Plan 2023 $'000 | Actual 2022 $'000 | Long-term Plan 2022 $'000 |
|---|---|---|---|---|
| **Sources of operating funding** | | | | |
| Regional economic development | 2,784 | 4,761 | 5,347 | 4,693 |
| Emergency management | 4,425 | 4,608 | 3,999 | 4,805 |
| Democratic Services | 3,164 | 2,863 | 2,636 | 2,642 |
| Relationships with mana whenua and Māori | 5,440 | 2,782 | 2,741 | 2,743 |
| Regional transport and planning programmes | 8,353 | 6,560 | 8,160 | 5,309 |
| Regional integrated planning | 3,590 | 3,731 | 4,641 | 4,105 |
| Climate change | 1,214 | 1,418 | 1,272 | 1,128 |
| **Total operating funding** | 28,970 | 26,724 | 28,796 | 25,425 |
| **Applications of operating funding** | | | | |
| Regional economic development | (1,796) | (4,761) | (3,944) | (4,691) |
| Emergency management | (4,862) | (4,572) | (4,513) | (4,735) |
| Democratic Services | (3,075) | (3,060) | (2,287) | (2,521) |
| Relationships with mana whenua and Māori | (4,856) | (2,781) | (2,947) | (2,741) |
| Regional transport and planning programmes | (12,116) | (18,588) | (9,626) | (15,818) |
| Regional integrated planning | (3,580) | (4,858) | (4,499) | (4,499) |
| Climate change | (3,004) | (2,929) | (1,062) | (2,845) |
| **Total applications of operating funding** | (33,289) | (41,549) | (28,878) | (38,037) |
| **Capital expenditure** | | | | |
| Capital Projects | 418 | 112 | 865 | 1,000 |
| Land and Buildings | - | - | - | - |
| Plant and Equipment | - | 17 | - | 45 |
| Vehicles | - | 99 | 205 | 100 |
| **Total capital expenditure** | 418 | 228 | 1,070 | 1,145 |

**Attachment 1 to Report 23.533**

Greater Wellington
Te Pane Matua Taiao

# Ngā Puna Wai | Water Supply

| Water Supply Funding Impact Statement | Actual 2023 $'000 | Long-term Plan 2023 $'000 | Actual 2022 $'000 | Long-term Plan 2022 $'000 |
|---|---|---|---|---|
| **Sources of operating funding** | | | | |
| General rates, uniform annual general charge, rates penalties | - | - | - | - |
| Targeted rates | - | - | - | - |
| Subsidies and grants for operating purposes | - | - | - | - |
| Fees and charges | - | - | - | - |
| Internal charges and overheads recovered | - | - | - | - |
| Interest and dividends from investments | 1,927 | - | 746 | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 42,475 | 43,284 | 39,511 | 39,881 |
| **Total operating funding** | **44,402** | **43,284** | **40,257** | **39,881** |
| **Applications of operating funding** | | | | |
| Payments to staff and suppliers | (30,224) | (25,564) | (29,639) | (23,863) |
| Finance costs | (5,077) | (5,454) | (4,173) | (5,001) |
| Internal charges and overheads applied | (2,526) | (2,914) | (2,831) | (2,831) |
| **Total operating funding** | **(37,827)** | **(33,932)** | **(36,643)** | **(31,695)** |
| **Surplus/(deficit) of operating funding** | **6,575** | **9,352** | **3,614** | **8,186** |
| **Sources of capital funding** | | | | |
| Increase/(decrease) in debt | 61,569 | 32,571 | 26,542 | 29,931 |
| Gross proceeds from sale of assets | - | - | - | 5,000 |
| Other dedicated capital funding | - | - | - | - |
| **Total sources of capital funding** | **61,569** | **32,571** | **26,542** | **34,931** |
| **Applications of Capital funding** | | | | |
| to meet additional demand | - | | - | - |
| to improve the level of service | (21,597) | (14,217) | (11,499) | (12,976) |
| to replace existing assets | (42,307) | (24,763) | (14,265) | (22,271) |
| (Increase)/decrease in reserves | (18) | - | (1,236) | - |
| (Increase)/decrease of investments | (4,222) | (2,943) | (3,156) | (7,870) |
| **Total application of capital funding** | (68,144) | (41,923) | (30,156) | (43,117) |
| **Surplus/(deficit) of capital funding** | **(6,575)** | **(9,352)** | **(3,614)** | **(8,186)** |
| **Surplus/(deficit) of funding** | **-** | **-** | **-** | **-** |
| Depreciation on council assets | 19,929 | 17,055 | 16,439 | 16,369 |
| Water supply levy | 42,069 | 42,674 | 39,319 | 39,319 |

**Attachment 1 to Report 23.533**

| | | | | |
|---|---|---|---|---|
| **Sources of operating funding** | | | | |
| Water Supply | 44,402 | 43,284 | 40,257 | 39,881 |
| **Total operating funding** | **44,402** | **43,284** | **40,257** | **39,881** |
| **Applications of operating funding** | | | | |
| Water Supply | (37,827) | (33,932) | (36,643) | (31,695) |
| **Total applications of operating funding** | **(37,827)** | **(33,932)** | **(36,643)** | **(31,695)** |
| **Capital Expenditure** | | | | |
| Water Sources | - | - | - | - |
| Water treatment plants | 16,417 | 16,886 | 5,865 | 10,579 |
| Pipelines | 45,491 | 15,726 | 18,743 | 14,326 |
| Pump Stations | 1,424 | 3,275 | 1,623 | 440 |
| Reservoirs | 51 | 810 | 32 | 470 |
| Monitoring and Control | 521 | 1,076 | 494 | 1,129 |
| Seismic protection | - | - | - | - |
| Other | - | 1,149 | 126 | 8,246 |
| **Capital project expenditure** | **63,904** | **38,922** | **26,883** | **35,190** |
| Land and Buildings | - | - | - | - |
| Plant and Equipment | - | 57 | 24,029 | 57 |
| Vehicles | - | - | - | - |
| **Total Capital Expenditure** | **63,904** | **38,979** | **50,912** | **35,247** |

Attachment 1 to Report 23.533

# He tauākī pūtea | Financial statements


| | Page |
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**Attachment 1 to Report 23.533**

Greater Wellington
Te Pane Matua Taiao

# He tauākī whakamahuki whiwhinga me Utu | Statement of comprehensive revenue and expense

For the year ended 30 June 2023

| | | Council | | | Group | |
|---|---|---|---|---|---|---|
| | | **Actual** | **Budget** | Actual | **Actual** | Actual |
| | | **2023** | **2023** | 2022 | **2023** | 2022 |
| | Note | **$'000** | **$'000** | $'000 | **$'000** | $'000 |
| **Operating revenue** | | | | | | |
| Rates and levies | 3 | **222,068** | **222,281** | 200,265 | **222,068** | 200,265 |
| Transport operational grants and subsidies | 3 | **204,048** | **112,784** | 139,991 | **204,048** | 139,991 |
| Transport Improvement grants and subsidies | 3 | **17,838** | **29,346** | 13,170 | **17,838** | 13,170 |
| Other revenue | 3 | **84,990** | **137,202** | 91,164 | **186,188** | 179,404 |
| | | **528,944** | **501,613** | 444,590 | **630,142** | 532,829 |
| Other gains / (losses) - net | | **(280)** | **(8)** | (657) | **(1,523)** | (569) |
| **Total operating revenue and gains** | | **528,664** | **501,605** | 443,933 | **628,619** | 532,261 |
| **Operating expenditure** | | | | | | |
| Employee benefits | 4 | **(75,145)** | **(75,421)** | (67,660) | **(103,744)** | (93,622) |
| Grants and subsidies | | **(245,498)** | **(242,387)** | (232,776) | **(230,143)** | (217,814) |
| Depreciation and amortisation | 5 | **(34,388)** | **(30,109)** | (31,857) | **(76,004)** | (66,332) |
| Finance expenses | | **(35,832)** | **(22,768)** | (23,099) | **(35,549)** | (23,099) |
| Other operating expenses | 6 | **(133,403)** | **(138,451)** | (117,989) | **(202,220)** | (181,083) |
| **Total operating expenditure** | | **(524,266)** | **(509,136)** | (473,381) | **(647,660)** | (581,950) |
| **Operating surplus/(deficit) before other items and tax** | | **4,398** | **(7,531)** | (29,448) | **(19,041)** | (49,689) |
| Share of associate's surplus/(deficit) | | - | - | - | **1,249** | 1,537 |
| **Other fair value changes** | | | | | | |
| Impairment on buildings | 7 | **(36,720)** | - | - | **(36,720)** | - |
| Fair value - Other assets | 7 | - | - | - | - | (21,000) |
| Gain / (loss) on financial instruments | 7 | **14,361** | **11,037** | 64,561 | **14,361** | 64,561 |
| Fair value gain/(loss) on investment property | 7, 19 | - | - | - | **(1,509)** | 4,842 |
| **Total fair value movements** | | **(22,359)** | **11,037** | 64,561 | **(23,868)** | 48,403 |
| **Surplus/(deficit) before tax** | | **(17,961)** | **3,506** | 35,113 | **(41,660)** | 251 |
| Tax (expense)/benefit | 8 | - | - | - | **8,821** | 10,548 |
| Surplus from continuing operations | | **(17,961)** | **3,506** | 35,113 | **(32,839)** | 10,799 |
| **Operating surplus / (deficit) after tax** | | **(17,961)** | **3,506** | 35,113 | **(32,839)** | 10,799 |
| **Other comprehensive revenue and expenses** | | | | | | |
| Revaluation gain/(loss) on infrastructure assets | 15 | **(38,573)** | **10,524** | 120,177 | **(43,531)** | 204,437 |
| Deferred Tax recognised in Reserves | 9 | - | - | - | **4,084** | (19,852) |
| Increases/ (Decreases in valuations of other financial assets | | **(10,971)** | - | 11,717 | **(10,971)** | 11,717 |
| **Total other comprehensive income** | | **(49,544)** | **10,524** | 131,894 | **(50,418)** | 196,302 |
| **Total comprehensive income** | | **(67,505)** | **14,030** | 167,007 | **(83,257)** | 207,101 |
| **Surplus is attributable to:** | | | | | | |
| **Attributed to:** | | | | | | |
| Equity holders of the Parent | | **(67,505)** | **14,030** | 167,007 | **(87,608)** | 215,217 |
| Non-controlling interest | | - | - | - | **4,351** | (8,116) |
| | | **(67,505)** | **14,030** | 167,007 | **(83,257)** | 207,101 |

**Attachment 1 to Report 23.533**

Greater Wellington
Te Pane Matua Taiao

# He tauākī ahumoni | Statement of financial position

For the year ended 30 June 2023

| | Note | Council Actual 2023 $'000 | Council Budget 2023 $'000 | Council Actual 2022 $'000 | Group Actual 2023 $'000 | Group Actual 2022 $'000 |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| **Current assets** | | | | | | |
| Cash and cash equivalents | 10 | **17,243** | **20,370** | 16,517 | **131,873** | 158,141 |
| Trade and other receivables | 11 | **76,530** | **50,519** | 79,942 | **88,842** | 92,142 |
| Other financial assets | 13 | **172,768** | **97,894** | 117,167 | **172,224** | 117,167 |
| Inventories | 12 | **4,170** | **2,700** | 4,272 | **6,882** | 7,586 |
| Derivatives | 21 | **7,075** | **-** | - | **7,075** | - |
| Current tax receivables | | **-** | **-** | - | **-** | 475 |
| Assets held for disposal | 16 | **1,827** | **-** | - | **1,827** | - |
| **Total current assets** | | **279,613** | **171,483** | 217,898 | **408,723** | 375,511 |
| **Non-current assets** | | | | | | |
| Other financial assets | 13 | **71,584** | **70,306** | 67,210 | **37,518** | 30,880 |
| Property, plant and equipment | 15 | **1,435,530** | **1,533,420** | 1,417,828 | **2,195,373** | 2,185,254 |
| Intangible assets | 17 | **16,873** | **30,940** | 28,608 | **17,041** | 28,965 |
| Investment in subsidiaries | 20 | **337,295** | **339,149** | 317,095 | **-** | - |
| Investment properties | 19 | **-** | **-** | - | **86,125** | 62,617 |
| Derivatives | 21 | **21,164** | **-** | 18,811 | **21,164** | 18,811 |
| Investments accounted for under the equity method | | **-** | **-** | - | **13,819** | 13,821 |
| Deferred tax assets | 9 | **-** | **-** | - | **42,339** | 35,007 |
| **Total non-current assets** | | **1,882,446** | **1,973,815** | 1,849,552 | **2,413,379** | 2,375,355 |
| **Total assets** | | **2,162,059** | **2,145,298** | 2,067,450 | **2,822,102** | 2,750,866 |
| **LIABILITIES** | | | | | | |
| **Current liabilities** | | | | | | |
| Derivatives | 21 | **-** | **-** | 96 | **-** | 96 |
| Trade and other payables | 22 | **118,257** | **75,163** | 87,163 | **125,939** | 95,960 |
| Interest bearing liabilities | 23 | **153,477** | **138,850** | 124,064 | **146,517** | 115,603 |
| Employee benefits liabilities and provisions | 24 | **6,427** | **5,960** | 6,912 | **10,380** | 10,571 |
| Income tax payable | | **-** | **-** | - | **2,725** | - |
| **Total current liabilities** | | **278,161** | **219,973** | 218,235 | **285,561** | 222,230 |
| **Non-current liabilities** | | | | | | |
| Interest bearing liabilities | 23 | **622,000** | **644,585** | 514,000 | **622,000** | 514,000 |
| Derivatives | 21 | **496** | **-** | 5,451 | **496** | 5,451 |
| Deferred tax liabilities | 9 | **-** | **-** | - | 131,050 | 140,650 |
| Employee benefits liabilities and provisions | 24 | **164** | **-** | 139 | **287** | 302 |
| Service concession liability | 15 | **22,861** | **22,864** | 24,615 | **22,861** | 24,615 |
| **Total non-current liabilities** | | **645,521** | **667,449** | 544,205 | **776,694** | 685,018 |
| **Total liabilities** | | **923,682** | **887,422** | 762,440 | **1,062,255** | 907,248 |
| **Net assets** | | **1,238,377** | **1,257,876** | 1,305,010 | **1,759,847** | 1,843,618 |
| **EQUITY** | | | | | | |
| Retained earnings | | **323,767** | **340,208** | 331,247 | **620,817** | 647,696 |
| Other reserves | | **914,610** | **917,668** | 973,763 | **1,029,424** | 1,089,282 |
| Minority interest | | **-** | **-** | - | **109,606** | 106,640 |
| **Total equity** | | **1,238,377** | **1,257,876** | 1,305,010 | **1,759,847** | 1,843,618 |

Daran Ponter
Chair
31 October 2023

Nigel Corry
Chief Executive
31 October 2023

Alison Trustrum-Rainey
Chief Financial Officer
31 October 2023

Greater Wellington
Te Pane Matua Taiao

# He tauākī whakamārama Moni Taurite | Statements of changes in equity

| For the year ended 30 June 2023 | Note | Council | | | Group | |
|---|---|---|---|---|---|---|
| | | **Actual 2023 $'000** | **Budget 2023 $'000** | Actual 2022 $'000 | **Actual 2023 $'000** | Actual 2022 $'000 |
| **Opening equity** | | **1,305,010** | **1,243,848** | 1,137,997 | **1,843,618** | 1,637,897 |
| Adjustments on adoption of PBE IPSAS 41* | 26(f) | **870** | **-** | - | **870** | - |
| | | **1,305,881** | **1,243,848** | 1,137,997 | **1,844,488** | 1,637,897 |
| Operating surplus /(deficit) after tax | | **(17,961)** | **3,506** | 35,112 | **(32,839)** | 10,799 |
| Dividend to non-controlling interest | | **-** | **-** | - | **(1,385)** | (1,385) |
| Asset revaluation movements | | **(38,573)** | **10,524** | 120,177 | **(39,447)** | 184,585 |
| Revaluation movement of other financial assets | | **(10,971)** | **-** | 11,717 | **(10,971)** | 11,717 |
| **Total closing equity at 30 June** | | **1,238,377** | **1,257,876** | 1,305,010 | **1,759,847** | 1,843,618 |
| | | | | | | |
| **Non-controlling interest** | | | | | | |
| Opening non-controlling interest | | **-** | **-** | - | **106,639** | 99,908 |
| Share of operating surplus/(deficit) | | **-** | **-** | - | **2,125** | 5,005 |
| Share of reserves movements | | **-** | **-** | - | **2,226** | 3,111 |
| Dividends paid | | **-** | **-** | - | **(1,385)** | (1,385) |
| **Non-controlling interest at end of year** | | **-** | **-** | - | **109,605** | 106,639 |
| | | | | | | |
| **Asset revaluation reserves** | | | | | | |
| Opening asset revaluation reserves | | **895,107** | **878,921** | 774,930 | **992,814** | 811,233 |
| **Subs opening equity adjustments** | | **-** | **-** | - | **-** | - |
| Increase (Decrease) in Asset Revaluation Reserves | | **(38,573)** | **10,524** | 120,177 | **(39,447)** | 184,692 |
| Share of non-controlling interest | | **-** | **-** | - | **(2,226)** | (3,111) |
| | | **-** | **-** | - | **-** | - |
| **Closing asset revaluation reserve** | | **856,534** | **889,445** | 895,107 | **951,141** | 992,814 |
| | | | | | | |
| **Fair value reserve** | | | | | | |
| Opening fair value reserve | | **25,393** | **-** | 13,675 | **25,392** | 13,675 |
| Current year movement | | **(10,971)** | **-** | 11,717 | **(10,971)** | 11,717 |
| **Closing fair value reserve** | | **14,422** | **-** | 25,392 | **14,421** | 25,392 |
| | | | | | | |
| **Other reserves** | | | | | | |
| Opening other reserves | | **41,408** | **34,854** | 47,336 | **7,989** | 25,847 |
| Transfers from accumulated funds | | **6,021** | **-** | 11,930 | **-** | - |
| Transfers to accumulated funds | | **(8,684)** | **(6,631)** | (18,525) | **(8,684)** | (18,525) |
| Interest earned | | **416** | **-** | 667 | **416** | 667 |
| **Closing other reserves** | | **39,161** | **28,223** | 41,408 | **(279)** | 7,989 |

**Attachment 1 to Report 23.533**

| | | | | | | |
|---|---|---|---|---|---|---|
| **Retained earnings** | | | | | | |
| Opening accumulated funds | | **343,098** | **330,073** | 302,058 | **710,780** | 687,128 |
| Adjustments on adoption of PBE IPSAS 41* | 26(f) | **870** | **-** | - | **870** | - |
| Adjusted opening equity | | **343,968** | **330,073** | 302,058 | **711,650** | 687,128 |
| Operating surplus / (deficit) after tax | | **(17,961)** | **3,506** | 35,112 | **(32,839)** | 10,799 |
| Interest allocated to reserves | | **(416)** | **-** | (667) | **(416)** | (667) |
| Other transfers to reserves | | **(6,021)** | **-** | (11,930) | **-** | - |
| Transfers from reserves | | **8,684** | **6,631** | 18,525 | **8,684** | 18,525 |
| Share on non-controlling interest | | **-** | **-** | - | **(2,125)** | (5,005) |
| **Closing accumulated funds** | | **328,254** | **340,210** | 343,098 | **684,953** | 710,780 |
| **Total closing equity at 30 June** | | **1,238,377** | **1,257,876** | 1,305,010 | **1,759,847** | 1,843,620 |

*Remeasurements as a result of the Council's adoption of PBE IPSAS 41 have been recognised directly in accumulated funds - for more details refer to Note 26(f).

Attachment 1 to Report 23.533

Greater Wellington
Te Pane Matua Taiao

# He tauākī kapewhiti | Statement of cash flow

for the year ended 30 June 2023



| | | Council | | | Group | |
|---|---|---|---|---|---|---|
| | Note | **Actual 2023 $'000** | **Budget 2023 $'000** | Actual 2022 $'000 | **Actual 2023 $'000** | Actual 2022 $'000 |
| Receipts from customers | | **-** | **-** | - | **99,397** | 83,648 |
| Rates revenue received | | **176,808** | **180,175** | 158,566 | **176,808** | 158,566 |
| Water supply levy received | | **42,063** | **42,069** | 39,319 | **42,063** | 39,319 |
| Government subsidies received | | **213,286** | **142,131** | 183,854 | **213,286** | 183,853 |
| Interest received | | **7,511** | **5,950** | 2,630 | **9,141** | 4,859 |
| Dividends received | | **2,491** | **-** | 3,864 | **91** | 64 |
| Rent income | | **-** | **-** | - | **7,125** | 6,665 |
| Subsidy revenue | | **-** | **-** | - | **6** | - |
| Fees, charges and other revenue | | **114,037** | **132,330** | 34,018 | **108,903** | 33,232 |
| Payments to suppliers and employees | | **(210,580)** | **(447,589)** | (161,525) | **(306,364)** | (250,556) |
| Payment of grants and subsidies | | **(245,498)** | **-** | (232,776) | **(230,145)** | (217,815) |
| Interest paid | | **(31,335)** | **(22,769)** | (21,300) | **(30,974)** | (21,813) |
| Income tax paid / (refund) | | **-** | **-** | - | **(823)** | (2,450) |
| **Net cash from (used in) operating activities** | 25 | **68,783** | **32,297** | 6,650 | **88,514** | 17,572 |
| **Cash flows from investing activities** | | | | | | |
| Receipts from sale of property, plant, and equipment | | **391** | **374** | - | **394** | 113 |
| Investment withdrawals | | **480** | **2,495** | - | **480** | - |
| Sale of investments (bonds & term deposits) | | **-** | **-** | - | **501** | 19,902 |
| Cash balance from acquired joint venture | | **-** | **-** | - | **1,250** | 100 |
| | | **871** | **2,869** | - | **2,625** | 20,115 |
| Purchase of property, plant and equipment | | **(129,319)** | **(158,797)** | (74,041) | **(195,117)** | (139,441) |
| Purchase of intangible assets | | **(24)** | **-** | (3,261) | **(24)** | (3,261) |
| Development of investment properties | | **-** | **-** | - | **(97)** | (2,340) |
| Acquisition of investments | | **(76,998)** | **(29,931)** | (23,253) | **(56,797)** | (28,314) |
| Disposal of Property, plant and equipment | | **-** | **-** | (466) | **-** | (466) |
| Investment in joint venture | | **-** | **-** | - | **(2,400)** | (10,845) |
| **Net cash flow from investing activities** | | **(205,470)** | **(185,859)** | (101,022) | **(251,810)** | (164,552) |
| **Cash flows from financing activities** | | | | | | |
| Loan funding | | **167,413** | **183,962** | 131,214 | **168,413** | 134,714 |
| Debt repayment | | **(30,000)** | **(30,000)** | (25,000) | **(30,000)** | (25,000) |
| Dividends paid to non-controlling interests | | **-** | **-** | - | **(1,385)** | (1,385) |
| **Net cash from financing activities** | | **137,413** | **153,962** | 106,214 | **137,028** | 108,329 |
| **Net increase / (decrease) in cash and cash equivalents** | | **726** | **400** | 11,842 | **(26,268)** | (38,651) |
| Cash and cash equivalents at the beginning of year | | **16,517** | **19,971** | 4,675 | **158,141** | 196,792 |
| **Cash, cash equivalents, and bank overdrafts at the end of the year** | **10** | **17,243** | **20,371** | 16,517 | **131,873** | 158,141 |

**Attachment 1 to Report 23.533**

Greater Wellington
Te Pane Matua Taiao

# He tauākī pūtea kawekawe | Funding impact statement

| for whole of Council | Actual 2023 $'000 | Annual Plan 2023 $'000 | Actual 2022 $'000 | Long-term Plan 2022 $'000 |
|---|---|---|---|---|
| **Sources of operating funding** | | | | |
| General rate | 73,790 | 73,338 | 63,126 | 63,115 |
| Targeted rates | 107,393 | 106,837 | 98,885 | 98,541 |
| Subsidies and grants for operating purposes | 198,259 | 112,784 | 139,990 | 109,964 |
| Interest and dividends from investments | 13,964 | 5,950 | 7,154 | 4,930 |
| Fees and charges | 43,594 | 109,431 | 54,105 | 100,714 |
| Fines, infringement fees, and other receipts[1] | 68,255 | 63,926 | 67,855 | 64,839 |
| **Total operating funding** | **505,255** | **472,266** | **431,115** | **442,103** |
| **Applications of operating funding** | | | | |
| Payments to staff and suppliers | (453,711) | (456,211) | (411,187) | (404,976) |
| Finance costs | (36,472) | (22,769) | (23,099) | (19,942) |
| **Total applications of operating funding** | **(490,183)** | **(478,980)** | **(434,286)** | **(424,918)** |
| **Surplus / (deficit) of operating funding** | **15,072** | **(6,714)** | **(3,171)** | **17,185** |
| **Sources of capital funding** | | | | |
| Subsidies and grants for capital expenditure | 23,627 | 29,347 | 13,170 | 18,795 |
| Increase / (decrease) in debt | 135,660 | 153,962 | 104,539 | 74,822 |
| Gross proceeds from asset sales | 912 | 374 | 112 | 321 |
| **Total sources of capital funding** | **160,199** | **183,683** | **117,821** | **93,938** |
| **Applications of capital funding** | | | | |
| - to meet additional demand | - | - | - | - |
| - to improve the level of service | (65,314) | (77,432) | (49,573) | (45,785) |
| - to replace existing assets | (64,720) | (81,365) | (26,298) | (45,037) |
| Increase / (decrease) in investments | (76,815) | (25,263) | (33,488) | (25,398) |
| Increase / (decrease) in reserves | 31,578 | 7,091 | (5,290) | 5,097 |
| **Total applications of capital funding** | **(175,271)** | **(176,969)** | **(114,649)** | **(111,123)** |
| **Surplus / (deficit) of capital funding** | **(15,072)** | **6,714** | **3,172** | **(17,185)** |
| **Funding balance** | - | - | - | - |
| Depreciation on council assets | 34,388 | 30,109 | 31,857 | 30,546 |
| Water supply levy | 42,069 | 42,069 | 39,319 | 39,319 |

1 This includes the water supply levy charged to Wellington, Upper 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 Long Term Plan 2021-31
All figures on this page exclude GST

**Attachment 1 to Report 23.533**

Greater Wellington
Te Pane Matua Taiao

# He pūtea penapena | 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
- Re budgeted 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 Jul-22 $'000 | Deposits $'000 | Withdrawals $'000 | Closing balance Jun-23 $'000 |
|---|---|---|---|---|---|
| **Area of benefit reserves** | | | | | |
| Regional parks reserve | Any funding surplus or deficit relating to the provision of regional parks is used only on subsequent regional parks expenditure | **58** | **1** | **-** | **59** |
| Public transport reserve | Any funding surplus or deficit relating to the provision of public transport services is used only on subsequent public transport expenditure | **5,434** | **65** | **(1,949)** | **3,550** |
| 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 | **261** | **3** | **-** | **264** |
| WRS reserve | Any funding surplus or deficit relating to the Wellington Regional Strategy implementation is used only on subsequent Wellington Regional Strategy expenditure | **673** | **223** | **-** | **896** |
| Iwi reserve | Any funding surplus or deficit relating to the provision of iwi project fund is used only on subsequent iwi project funding expenditure | **82** | **633** | **-** | **715** |
| WREMO reserve | Contributions by other local authorities to run the WREMO | **235** | **202** | **-** | **437** |
| 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 | **9,629** | **716** | **(143)** | **10,202** |
| 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 | **2,638** | **256** | **(81)** | **2,813** |
| | | **19,010** | **2,099** | **(2,173)** | **18,936** |

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Greater Wellington
Te Pane Matua Taiao

| | | | | | |
|---|---|---|---|---|---|
| **Contingency reserves** | | | | | |
| Environmental legal reserve | To manage the variation in legal costs associated with resource consents and enforcement | **10** | **-** | **-** | **10** |
| Flood contingency reserves | To help manage the costs for the repair of storm damage throughout the region | **3,407** | **41** | **-** | **3,448** |
| Rural fire reserve | To help manage the costs of rural fire equipment. | **82** | **1** | **-** | **83** |
| | | **3,499** | **42** | **-** | **3,541** |
| **Special reserves** | | | | | |
| Election reserve | To manage the variation in costs associated with the election cycle | **357** | **74** | **(185)** | **246** |
| Corporate systems reserve | To manage the variation in costs associated with key IT infrastructure and software. | **1,016** | **12** | **-** | **1,028** |
| Long Term Plan reserve | To manage variation in costs associated with Long term plan process | **386** | **5** | **-** | **391** |
| Masterton Building Reserve | To manage variation in costs associated with the Masterton Building | **308** | **4** | **-** | **312** |
| Wellington Analytics Reserve | Contribution by other local authorities for set up costs | **921** | **11** | **-** | **932** |
| Environmental Restitution Reserve | To manage variation in costs associated with environmental restoration projects | **389** | **5** | **(129)** | **265** |
| Low Carbon Acceleration Fund Reserve | To manage costs associated with reducing Council's carbon footprint | **(81)** | **(3)** | **-** | **(84)** |
| General Reserve | To manage variation in costs associated with new initiative projects | **9,554** | **282** | **(917)** | **8,919** |
| | | **12,850** | **390** | **(1,231)** | **12,009** |
| **Re-budget reserve** | | | | | |
| Re-budgeted reserve | Expenditure that has been rated for in 2022/23 when the project will not be completed until 2023/24 | **5,454** | **3,900** | **(5,281)** | **4,073** |
| Earthquake proceeds reserve | to manage future repair and maintenance due to the Kaikoura earthquake | **595** | **7** | **-** | **602** |
| | | **6,049** | **3,907** | **(5,281)** | **4,675** |
| | | **41,408** | **6,438** | **(8,685)** | **39,161** |

All figures on this page exclude GST.

Attachment 1 to Report 23.533

# Ko te moni tārewa | Debt

| | Opening balance 2022 $'000 | Additions $'000 | Repayments $'000 | Closing balance 2023 $'000 | Finance costs $'000 |
|---|---|---|---|---|---|
| **Regional leadership** | | | | | |
| Strategic planning | 5,580 | 16,003 | (540) | 21,043 | 258 |
| Warm Wellington | 1,590 | 71 | (1,020) | 641 | 38 |
| **Public transport** | | | | | |
| Public transport | 252,699 | 17,455 | (17,366) | 252,788 | 8,251 |
| **Water supply** | | | | | |
| Water supply | 138,278 | 66,863 | (5,295) | 199,846 | 5,077 |
| **Environment** | | | | | |
| Environment | 6,992 | 2,465 | (723) | 8,734 | 255 |
| **Flood protection and control works** | | | | | |
| Flood protection and control works | 143,730 | 35,531 | (6,126) | 173,135 | 5,020 |
| **Parks** | | | | | |
| Parks | 10,111 | 3,412 | (772) | 12,751 | 361 |
| **Investments** | | | | | |
| Property and other | 51,663 | 3,959 | (6,377) | 49,245 | 1,666 |
| | 610,643 | 145,759 | (38,219) | 718,183 | 20,926 |

| | Council Actual 2023 $'000 |
|---|---|
| Total activities debt | 718,183 |
| Treasury internal funding (1) | 57,294 |
| | 775,477 |
| | 775,477 |
| External debt (current) | 153,477 |
| External debt (non-current) | 622,000 |
| | 775,477 |

(1) Greater Wellington Regional Council 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.

All figures on this page exclude GST

**Attachment 1 to Report 23.533**

# He whakamārama mō ngā Tauākī Pūtea | Notes to the financial statements

## *1 Reporting entity*

### 1.1 Reporting entity

Greater Wellington Regional Council (Greater Wellington) is a regional local authority governed by the Local Government Act 2002. Greater Wellington's principal address is 100 Cuba Street, Wellington, New Zealand. Greater Wellington Group consists of Greater Wellington and its subsidiaries as disclosed below.

Greater Wellington provides water, parks, transport, infrastructure, environmental regulation and monitoring to the Greater Wellington region for community and social benefit, and not for a financial return. Accordingly Greater Wellington has designated itself and the Group as public benefit entities (PBE's) and applies New Zealand Tier 1 Public Sector Public Benefit Entity accounting standards (PBE Accounting Standards).

The financial statements of Greater Wellington are for the year ended 30 June 2023. The financial statements were authorised for issue by the council on 31 October 2023.

**Accounting judgements and estimations**

The preparation of financial statements in conformity with PBE Accounting Standards 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.

**(i) Property, Plant and Equipment and Investment Property**

Operational Port Land was independently valued by Colliers International, a registered valuer, on 30 June 2023.

Council and management have undertaken a process to determine what constitutes Investment Property and what constitutes Property, Plant and Equipment. There is an element of judgement in this. There is a development Port plan, and those items of land that are considered integral to the operations of the port have been included in Operational Port Land. Land held specifically for capital appreciation or to derive rental income has been classed as Investment Property.

### (ii) Capital Work in Progress

This includes capital projects requiring resource consent to proceed. Management regularly review these projects to determine whether the assumptions supporting the project proceeding continue to be valid. The Capital Works in Progress balance is carried forward on the basis the project has been determined to proceed.

### (iii) Income tax calculations

See note 8 for details

## *2 Accounting policies*

### 2.1 Basis of preparation

**Statement of compliance**

The financial statements of the Greater Wellington and Group have been prepared in accordance with the requirements of the Local Government Act 2002, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

These financial statements are prepared in accordance with Tier 1 PBE Accounting Standards, and comply with PBE Accounting Standards.

The consolidated financial statements are presented in New Zealand dollars, rounded to the nearest thousand. The functional currency of Greater Wellington & the Group 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.

### 2.2 Basis of consolidation

The consolidated financial statements include the Group. 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 is included in note 20.

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 its 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.

**Interests in joint ventures**

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture.

An investment is accounted for using the equity method from the date on which the investee becomes a joint venture.

The requirements of PBE IPSAS 26 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with PBE IPSAS 26 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) to its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with PBE IPSAS 26 to the extent that the recoverable amount of the investment subsequently increases.

When a Group entity transacts with a joint venture of the Group, profit and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interest in the joint venture that are not related to the Group.

**2.3 Borrowing costs**

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

**2.4 Investment properties**

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured at its fair value at the reporting date. Gains or losses arising from changes in fair value of investment property are included in the statement of comprehensive income in the period in which they arise.

The Group has the following classes of Investment Property:

1. Developed investment properties
2. Land available for development

**2.5 Financial guarantee contract**

A financial guarantee contract requires Greater Wellington or group to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, the fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee or the probability that Greater Wellington will be required to reimburse a holder for a loss incurred discounted to present value. If the fair value of a guarantee cannot be reliably determined at initial recognition, a liability is recognised at the amount of the loss allowance determined in accordance with the expected credit loss (ECL) model described in Note 11.

Financial guarantees are subsequently measured at the higher of:

- the amount determined in accordance with the ECL model described in Note 11; and
- the amount initially recognised less, when appropriate, cumulative amortisation as revenue.

**2.6 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 revenue and expenses.

**2.7 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 when it is probable that settlement will be required and they are capable of being measured reliably. The present value is determined by discounting the future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liabilities.

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the statement of revenue and expenses 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.

**2.8 Provisions**

A provision is recognised in the statement of financial position when Greater Wellington and 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.

**2.9 Goods and services tax**

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

**2.10 Leases**

Greater Wellington and 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.

*Consolidated entity as lessee:*

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

*Consolidated entity as lessor:*

Operating leases relate to subleases of properties (excluding land) leased with lease terms between 1 and 12 years, with an option to extend for a further period between 1 and 6 years. All operating lease contracts (excluding land) contain market review clauses. An operating lease relating to land has a term of 125 years. The lessee does not have an option to purchase the property or land at expiry of the lease period.

*Lease incentive*

In the event that lease incentives are provided to lessees to enter into operating leases, such incentives are recognised as a reduction of rental income on a straight-line basis.

**2.11 Service concession asset and liability**

Greater Wellington (as guarantor) has entered into a service concession arrangement with Tranzit, NZ Bus, and Mana (the Operators) to provide bus services with double decker buses. These buses meet the definition of service concession asset and are initially recognised at fair value and subsequently measured in accordance with PBE IPSAS 32. They are depreciated over a useful life of 30 years on a straight-line basis. An initial financial liability is also recognised which is accounted for using the amortised cost model leading to finance expenses over 15 years.

**2.12 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 revenue and expenses.

Individual significant activity operating revenue and operating expenditure are stated inclusive of any internal revenues and internal charges. These internal transactions are eliminated in Greater Wellington and 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.

**2.13 Equity**

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

*Asset revaluation reserve*

This reserve relates to the revaluation of property, plant, and equipment to fair value.

*Fair value reserve*

This reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

**2.14 Statement of cash flow**

The following are the definitions used in the statement of cash flow:

(a) Operating activities comprise the principal revenue producing activities of the Group and other activities that are not considered to be investing or financing activities.

(b) Investing activities are those activities relating to the acquisition and disposal of Property, Plant and Equipment, Investment Property, Intangible Assets and Joint Ventures. Investments include securities not falling within the definition of cash.

(c) Financing activities are those activities that result in the changes in size and composition of the capital structure of the Group. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to capital structure are included in financing activities.

**2.15 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.

**2.16 Change in accounting policies**

*PBE IPSAS 41 Financial Instruments*

Greater Wellington and Group have adopted PBE IPSAS 41: Financial instruments as at the transition date of 1 July 2022, replacing PBE IPSAS 29: Financial instruments: Recognition and Measurement.

Information about the transition to PBE IPSAS 41 is disclosed in Note 26.

In accordance with, the transitional elections provided in PBE IPSAS 41, comparative information for financial instruments is as reported in the prior year under PBE IPSAS 29.

**Attachment 1 to Report 23.533**

## 3 Revenue from exchange and non-exchange transactions

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

(i) Rates and levies

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

(ii) Government grants and subsidies

Greater Wellington receives government grants from Waka Kotahi/NZ 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) User charges

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

(iv) Dividends

Revenue from dividends is recognised on when the right to receive payment has been established and in surplus & deficit.

(v) 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.

(vi) Sales of goods

Other revenue is recognised when billed or earned 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.

| | | **Council** | | | **Group** |
|---|---|---|---|---|---|
| | **Actual 2023 $'000** | **Budget 2023 $'000** | Actual 2022 $'000 | **Actual 2023 $'000** | Actual 2022 $'000 |
| **Revenue from exchange transactions:** | | | | | |
| Water supply | **42,063** | **42,069** | 39,319 | **42,063** | 39,319 |
| Subsidiaries revenue | **-** | **-** | - | **80,468** | 66,003 |
| Dividends | **2,491** | **2,380** | 3,864 | **91** | 139 |
| Interest received | **10,929** | **3,571** | 3,290 | **13,898** | 5,304 |
| Rental income | **5,733** | **3,975** | 5,237 | **31,027** | 30,084 |
| **Total exchange** | **61,216** | **51,995** | 51,710 | **167,547** | 140,849 |

| | | | | | |
|---|---|---|---|---|---|
| **Revenue from non-exchange transactions:** | | | | | |
| General rates | **73,790** | **72,457** | 62,395 | **73,790** | 62,395 |
| Targeted rates | **106,215** | **107,719** | 98,551 | **106,215** | 98,551 |
| Rates, penalties, remissions & rebates | **1,178** | **-** | 1,001 | **1,178** | 1,001 |
| Grants & subsidises | **204,048** | **112,784** | 139,991 | **204,048** | 139,991 |
| Transport improvement grants | **17,838** | **29,346** | 13,170 | **17,838** | 13,170 |
| Provision of goods & services | **64,660** | **127,312** | 77,772 | **59,526** | 76,874 |
| **Total non-exchange** | **467,729** | **449,618** | 392,880 | **462,595** | 391,982 |
| **Total exchange and non-exchange** | **528,945** | **501,613** | 444,590 | **630,142** | 532,831 |

## 4 *Employee benefits*

### Employee benefits expense

Employment costs relate to the remuneration paid directly to staff, other employee benefits such as other associated costs such as recruitment and training.

### Defined contribution schemes

Employer contributions to defined contribution schemes and/or KiwiSaver is accounted for as defined contribution superannuation schemes and is expensed in the surplus or deficit as incurred.

| | **Council** | | | **Group** | |
|---|---|---|---|---|---|
| | **Actual 2023 $'000** | **Budget 2023 $'000** | Actual 2022 $'000 | **Actual 2023 $'000** | Actual 2022 $'000 |
| Other employee benefits expense | **70,984** | **71,260** | 64,021 | **99,583** | 89,983 |
| Defined contribution plan employer contributions | **4,161** | **4,161** | 3,639 | **4,161** | 3,639 |
| **Total personnel costs** | **75,145** | **75,421** | 67,660 | **103,744** | 93,622 |

## 5 *Depreciation and amortisation*

| | **Council** | | **Group** | |
|---|---|---|---|---|
| | **Actual 2023 $'000** | Actual 2022 $'000 | **Actual 2023 $'000** | Actual 2022 $'000 |
| Port wharves and paving | **-** | - | **5,508** | 3,730 |
| Land and buildings | **2,759** | 689 | **3,525** | 2,101 |
| Plant and equipment | **2,547** | 3,591 | **7,849** | 8,600 |
| Rail rolling stock | **-** | - | **24,207** | 19,800 |
| Motor vehicles | **878** | 944 | **879** | 944 |
| Flood protection | **1,005** | 1,171 | **1,005** | 1,171 |
| Water infrastructure | **18,570** | 16,434 | **18,570** | 16,361 |
| Transport infrastructure | **2,850** | 3,135 | **8,494** | 7,734 |
| Navigational aids | **67** | 97 | **67** | 97 |
| Parks and forests | **3,218** | 1,900 | **3,218** | 1,900 |
| Right to use | **1,528** | 1,536 | **1,528** | 1,536 |
| Amortisation-Computer software | **966** | 2,360 | **1,154** | 2,360 |
| | **34,388** | 31,857 | **76,004** | 66,332 |

## 6 Operating expenditure

| | Council | | | Group | |
|---|---|---|---|---|---|
| | **Actual 2023 $'000** | **Budget 2023 $'000** | Actual 2022 $'000 | **Actual 2023 $'000** | Actual 2022 $'000 |
| **Other operating expenses** | | | | | |
| Fees to principal auditor for financial statements audit | **387** | **417** | 272 | **799** | 626 |
| Impairment of trade receivables | **-** | **-** | (65) | **-** | (65) |
| Rates and insurance | **4,318** | **3,153** | 4,229 | **12,384** | 11,207 |
| Directors' fees | **-** | **-** | - | **610** | 616 |
| Subscriptions LGNZ | **337** | **753** | 393 | **337** | 393 |
| Operating lease rentals | **6,991** | **6,127** | 5,053 | **6,991** | 5,053 |
| Energy and utilities | **3,533** | **3,800** | 3,296 | **3,533** | 3,296 |
| Councillor fees and costs | **1,190** | **1,281** | 1,268 | **1,190** | 1,268 |
| Repairs and maintenance expenses | **4,121** | **7,200** | 3,752 | **25,113** | 24,424 |
| Materials and supplies | **23,120** | **29,903** | 23,463 | **23,120** | 23,463 |
| Contractors and consultants | **86,727** | **84,468** | 74,771 | **110,952** | 95,121 |
| Other operating expenses | **2,679** | **1,349** | 1,557 | **17,191** | 15,681 |
| **Total other expenditure** | **133,403** | **138,451** | 117,989 | **202,220** | 181,083 |

## 7 Fair value movements through surplus or deficit

| | Council | | | Group | |
|---|---|---|---|---|---|
| | **Actual 2023 $'000** | **Budget 2023 $'000** | Actual 2022 $'000 | **Actual 2023 $'000** | Actual 2022 $'000 |
| **Fair value movements in financial instruments** | | | | | |
| Interest rate swaps | **14,478** | **11,037** | 64,561 | **14,478** | 64,561 |
| LGFA Borrower notes | **(117)** | **-** | - | **(117)** | - |
| | **14,361** | **11,037** | 64,561 | **14,361** | 64,561 |
| **Fair value change in other assets** | | | | | |
| Impairment on other assets | **-** | **-** | - | **-** | (21,000) |
| Impairment on building | **(36,720)** | **-** | - | **(36,720)** | - |
| | **(36,720)** | **-** | - | **(36,720)** | (21,000) |
| **Fair value movements of investment properties** | | | | | |
| Investment properties | **-** | **-** | - | **(1,509)** | 4,842 |
| **Total** | **(22,359)** | **11,037** | 64,561 | **(23,868)** | 48,403 |

## *8 Taxation*

**Accounting policy**

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which Greater Wellington and the Group expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surpluses will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

**CentrePort Binding Ruling Tax Treatment Insurance Proceeds**

During the year ended 30 June 2022, CentrePort finalised its binding ruling with Inland Revenue to confirm the key assumptions underpinning the tax treatment of the insurance proceeds.

Inland Revenue disagreed with the classification of specific assets deemed to be disposed, which resulted in an additional income tax expense of $23.5m which was recognised in the 30 June 2021 year. An alternative tax treatment was subsequently agreed with Inland Revenue and included in the finalised binding ruling, resulting in a reversal of this income tax expense adjustment in the year ended 30 June 2022.

| | Council Actual 2023 $'000 | Council Actual 2022 $'000 | Group Actual 2023 $'000 | Group Actual 2022 $'000 |
|---|---|---|---|---|
| **Income tax recognised in profit or loss** | | | | |
| **Tax expense/(benefit) comprises:** | | | | |
| Current tax expense/(benefit) | **-** | - | **4,026** | (222) |
| Adjustments recognised in the current period in relation to the deferred tax of prior periods | **-** | - | **-** | 961 |
| Deferred tax expense/(income) relating to the origination and reversal of temporary differences | **-** | - | **(12,848)** | (11,287) |
| **Tax expense** | **-** | - | **(8,822)** | (10,548) |
| | | | | |
| Surplus/(deficit) from operations | **(17,961)** | 35,113 | **(41,660)** | 250 |
| Income tax expense/(benefit) calculated at 28% | **(5,029)** | 9,832 | **(11,665)** | 70 |
| Surplus/(deficit) not subject to taxation | | | | |
| Non-deductible expenses | **146,548** | 125,368 | **150,940** | 130,739 |
| Non-assessable income | **(145,983)** | (133,995) | **(150,090)** | (141,170) |
| Land and buildings reclassification | **-** | - | **422** | (1,325) |
| Tax effect of unimputed portion of intercompany dividend | **-** | - | **-** | - |
| Tax loss offsets from or subventions paid to Group companies | **-** | - | **-** | - |
| Unused tax losses and temporary differences not recognised as deferred tax assets | **4,464** | 273 | **-** | - |
| Tax effect of imputation credits | **-** | (1,477) | **-** | - |
| Temporary differences | **-** | - | **-** | - |
| Recognition of deferred tax on buildings / Change in use of assets | **-** | - | **76** | 460 |
| Insurance Proceeds on non-depreciable assets | **-** | - | **(85)** | (1,478) |
| Permanent differences | **-** | - | **1,682** | 2,140 |
| (Under)/over provision of income tax in previous year | **-** | - | **(103)** | 16 |
| **Tax expense** | **-** | - | **(8,822)** | (10,548) |

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

| | Council Actual 2023 $'000 | Council Actual 2022 $'000 | Group Actual 2023 $'000 | Group Actual 2022 $'000 |
|---|---|---|---|---|
| **Tax expense/(benefit) is attributable to:** | | | | |
| Continuing operations | **-** | - | **(8,822)** | (10,548) |
| | **-** | - | **(8,822)** | (10,548) |

(b) Tax loss sharing

On 26 April 2023, the Greater Wellington Group (including WRC Holdings Limited and its wholly owned subsidiaries) and the CentrePort Consolidated Group ("Centreport Tax Consolidated Group") entered into a Tax Loss Sharing Agreement. Under the Tax Loss Sharing Agreement, the Greater Wellington Group will receive subvention payments from the Centreport Tax Consolidated Group, with the equivalent losses offset, where the companies elect to do so.

During the 2023 year, no subvention payments were received (2022: Nil) for the utilisation of the Greater Wellington Group's losses.

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## 9 Deferred tax

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2023 $'000** | Actual 2022 $'000 | **Actual 2023 $'000** | Actual 2022 $'000 |
| *The balance comprises temporary differences attributable to:* | | | | |
| Tax losses | **-** | - | **41,425** | 34,018 |
| Temporary differences | **-** | - | **914** | 989 |
| | **-** | - | **42,339** | 35,007 |
| *Other* | | | | |
| Temporary differences | **-** | - | **(131,051)** | (140,650) |
| Sub-total other | **-** | - | **(131,051)** | (140,650) |
| Total deferred tax liabilities | **-** | - | **(88,712)** | (105,643) |

| **Movements - Group** | **Property, plant and equipment $'000** | **Trade and other payables $'000** | **Other financial liabilities $'000** | **Tax losses $'000** | **Insurance Recoverable $'000** | **Total $'000** |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **Balance at 1 July 2021** | (100,831) | 584 | - | 30,522 | (26,392) | (96,117) |
| Charged to income | 676 | 405 | (393) | 3,496 | 6,142 | 10,326 |
| Charge to equity | (19,852) | - | - | - | - | (19,852) |
| **Balance at 30 June 2022** | (120,007) | 989 | (393) | 34,018 | (20,250) | (105,643) |

| **Movements - Group** | **Property, plant and equipment $'000** | **Trade and other payables $'000** | **Other financial liabilities $'000** | **Tax losses $'000** | **Insurance Recoverable $'000** | **Total $'000** |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **Balance at 1 July 2022** | (120,007) | 989 | (393) | 34,018 | (20,250) | (105,643) |
| Charge to income | 2,256 | (75) | (99) | 7,406 | 3,360 | 12,847 |
| Charge to equity | 4,084 | - | - | - | - | 4,084 |
| **Balance at 30 June 2023** | (113,667) | 914 | (492) | 41,424 | (16,890) | (88,712) |

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2023 $'000** | Actual 2022 $'000 | **Actual 2023 $'000** | Actual 2022 $'000 |
| Tax losses | **18,222** | 13,758 | - | - |
| Temporary differences | **-** | - | - | - |
| | **18,222** | 13,758 | - | - |

**Tax losses not recognised**

Greater Wellington has $65.077 million of unrecognised tax losses at Parent level (2022: $49.134 million) available to be carried forward and to be offset against taxable income in the future. The tax effect of losses at 28% was $18.222 million (2022: $13.758 million).

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

## *10 Cash and cash equivalents*

**Accounting policy**

Cash and cash equivalents includes cash in hand, deposits held on call with banks, and other short term, highly liquid investments with original maturities of three months or less.

Although cash and cash equivalents at 30 June 2023 are subject to the expected credit loss requirements of PBE IPSAS 41, no allowance has been recognised as the estimated allowance is negligible due to the high credit quality of the counterparty banks.

**Interest rates**

Cash at bank and on hand earns interest at the official cash rate. Short term deposits are made for varying terms of between one day and three months depending on the immediate cash requirements of Greater Wellington and the Group. They earn interest at the respective short term deposit rates and the fair value of cash and cash equivalents is the stated value. As at 30 June 2023 there are $10,000,000 (2022: $10,000,000) at 5.72% (2022: 2.42%) invested in a money market term deposit.

| | **Council** | | **Group** | |
|---|---|---|---|---|
| | **Actual 2023 $'000** | Actual 2022 $'000 | **Actual 2023 $'000** | Actual 2022 $'000 |
| Cash at bank and in hand | **17,243** | 16,517 | **131,873** | 158,141 |
| **Total cash and cash equivalents** | **17,243** | 16,517 | **131,873** | 158,141 |

## *11 Trade and other receivables*

**Accounting policy**

Short term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

Greater Wellington and the Group apply the simplified ECL model of recognising lifetime ECL for short term receivables.

In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Rates are "written off":

- when remitted in accordance with the Council's rates remission policy; and

- in accordance with the write off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Maori freehold land) of the Local Government (Rating) Act 2002.

Amounts in other non rates categories of receivables are written off when there is no reasonable expectation of recovery.

**Rates receivable**

Greater Wellington does not provide for ECL on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding rates.

**Other categories of receivable**

Due to minimal historical credit losses, Greater Wellington and Group do not provide for ECL on other non rates categories of receivable unless the effect of forward looking factors is considered material.

**Previous accounting policy**

In the previous year, the allowance for credit losses was based on the incurred credit loss model. An allowance for credit losses was recognised only when there was objective evidence that the amount due may not be fully collected with a presumption that amounts past due more than 90 days may not be fully collected.

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2023 $'000** | Actual 2022 $'000 | **Actual 2023 $'000** | Actual 2022 $'000 |
| **Receivable from non-exchange transactions** | | | | |
| Rates and water levies Receivable* | **22,850** | 21,613 | **22,850** | 21,613 |
| Accrual revenue | **8,921** | 41,806 | **8,921** | 41,806 |
| Other receivable** | **889** | 1,282 | **889** | 1,282 |
| **Total Receivables from non-exchange transactions** | **32,660** | 64,701 | **32,660** | 64,701 |
| **Receivable from exchange transactions** | | | | |
| Trade Customer*** | **29,242** | 11,737 | **37,020** | 20,417 |
| Prepayment & other receivable | **14,628** | 4,641 | **19,162** | 8,161 |
| **Total Receivable from exchange transactions** | **43,870** | 16,378 | **56,182** | 28,578 |
| Less provision for impairment of receivables | **-** | (1,137) | **-** | (1,137) |
| **Total Receivable** | **76,530** | 79,942 | **88,842** | 92,142 |

* Greater Wellington uses the region's territorial authorities to collect its rates. Payment of the final instalment of rates is not received until after year end.

**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.

***A memorandum of agreement has been agreed with Waka Kotahi towards the end of June 2023, whereby some properties that have been acquired by Greater Wellington have been identified to be sold to Waka Kotahi for their infrastructure projects.

**Attachment 1 to Report 23.533**

**Provision for impairment of receivables**

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2023 $'000** | Actual 2022 $'000 | **Actual 2023 $'000** | Actual 2022 $'000 |
| Opening balance | **(1,137)** | (1,202) | **(1,137)** | (1,202) |
| Movement | **1,137** | 65 | **1,137** | 65 |
| Closing balance | **-** | (1,137) | **-** | (1,137) |

The impairment provision for 30 June 2022 was determined based on a review of outstanding balances as at 30 June 2022.

### Trade customer receivables

The ECL rates for trade customer receivables at 30 June 2023 and 1 July 2022 are based on the payment profile of revenue on credit over the prior two years at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward looking macroeconomic factors that might affect the expected recoverability of receivables. Given the short period of credit risk exposure, the effects of macroeconomic factors are not considered significant.

There have been no changes since 1 July 2022 in the estimation techniques or significant assumptions in measuring the loss allowance. The allowance for credit losses based on GWRC and the group's credit loss matrix is as follows:

| | Current | 31 to 60 days | 61 to 90 days | More than 90 days | Total |
|---|---|---|---|---|---|
| **Council 2023** | | | | | |
| Expected credit loss rate | 0.0% | 0.0% | 0.0% | 0.0% | - |
| Gross receivable amunt ($000) | 28,865 | 5 | 110 | 262 | 29,242 |
| Lifetime ECL ($000) | - | - | - | - | - |
| **Group 2023** | | | | | |
| Expected credit loss rate | 0.0% | 0.0% | 0.0% | 0.0% | - |
| Gross receivable amunt ($000) | 35,049 | 664 | 539 | 584 | 36,836 |
| Lifetime ECL ($000) | - | - | - | - | - |
| **Council 2022** | | | | | |
| Expected credit loss rate | 0.0% | 0.0% | 0.0% | 0.0% | - |
| Gross receivable amunt ($000) | 3,482 | 165 | 8,006 | 84 | 11,737 |
| Lifetime ECL ($000) | - | - | - | - | - |
| **Group 2022** | | | | | |
| Expected credit loss rate | 0.0% | 0.0% | 0.0% | 0.0% | - |
| Gross receivable amunt ($000) | 11,399 | 655 | 8,320 | 204 | 20,578 |
| Lifetime ECL ($000) | - | - | - | - | - |

## *12 Inventories*

### Accounting policy

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in first out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

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| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2023 $'000** | Actual 2022 $'000 | **Actual 2023 $'000** | Actual 2022 $'000 |
| Harbours | **-** | - | **-** | 1,117 |
| Kaiwharahwhara crushed concrete | **-** | - | **465** | - |
| Water supply | **3,025** | 3,268 | **3,025** | 3,268 |
| Wairarapa | **1,145** | 1,004 | **1,145** | 1,004 |
| *Other inventories* | | | | |
| CentrePort spare stock | **-** | - | **2,042** | 1,869 |
| CentrePort fuel and stock | **-** | - | **205** | 332 |
| **Total inventory** | **4,170** | 4,272 | **6,882** | 7,590 |

No inventories are pledged as securities for liabilities (2022: Nil)

## *13 Other financial assets*

### Accounting policy

Other financial assets are initially recognised at fair value.

Purchases and sales of financial assets are recognised on trade date, the date on which Greater Wellington and the Group commits to purchase or sell the asset.

Financial assets are derecognised when the contractual rights to receive cash flows from the financial asset expire, are waived, or have been transferred in a way that qualifies for derecognition.

At acquisition, other financial assets are classified as, and subsequently measured under, the following categories:

- amortised cost;
- fair value through other comprehensive revenue and expense (FVTOCRE); and
- fair value through surplus and deficit (FVTSD).

Transaction costs are included in the value of the financial asset at initial recognition unless it is classified at FVTSD, in which case any directly attributable transaction costs are recognised in surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and Greater Wellington and Group's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets; or if it is an equity investment not held for trading that has been designated at initial recognition as subsequently measured at FVTOCRE.

Financial assets that do not meet the criteria for measurement at amortised cost or FVTOCRE are subsequently measured at FVTSD.

**Subsequent measurement of financial assets at amortised cost**

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, receivables, and loans to subsidiaries.

**Subsequent measurement of financial assets at FVTOCRE**

Financial assets in this category are unlisted equity investments designated as FVTOCRE. They are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity.

Unlisted equity investments held by Greater Wellington and Group are strategic investments intended to be held for the medium to long term and not for trading. Greater Wellington and Group designate all unlisted equity investments into the FVOTCRE category other than equity interests in subsidiaries and associates (see Note 19) and equity interests in joint ventures (see Note 14).

The fair value of unlisted equity investments is calculated based on Greater Wellington's share of net assets of the companies.

**Subsequent measurement of financial assets at FVTSD**

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit.

**Expected credit losses (ECL) allowance**

Greater Wellington and Group recognise an allowance for ECL for all debt instruments not classified as FVTSD. ECL are the probability weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to Greater Wellington and Group in accordance with the contract and the cash flows it expects to receive. ECL are discounted at the effective interest rate of the financial asset.

ECL are recognised in two stages. ECL are provided for credit losses that result from default events that are possible within the next 12 months (12 month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a debt instrument has increased significantly since initial recognition, Greater Wellington and Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Greater Wellington and the Group's historical experience and informed credit assessment and including forward looking information.

Greater Wellington and Group consider a debt instrument to be in default when a contractual cash flow is more than 90 days past due. Greater Wellington and Group may determine a default occurs prior to this if internal or external information indicates the counterparty is unlikely to pay its credit obligations in full. The Greater Wellington measures ECL on loan commitments at the date the commitment becomes irrevocable.  If the ECL measured exceeds the gross carrying amount of the debt instrument, the ECL are recognised as a provision.

**Attachment 1 to Report 23.533**

**Previous accounting policy (summarised)**

In the previous year, other financial assets were classified into the following categories:

- loans and receivables at amortised cost;
- held to maturity investments at amortised cost (including contingency fund deposits and loans/advances);
- fair value through other comprehensive revenue and expense (unlisted shares).

The main differences to the prior year policies are that Impairment was recorded only when there was objective evidence of impairment.

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost was considered objective evidence of impairment. For debt instruments, significant financial difficulties of the debtor, probability the debtor would enter into bankruptcy, receivership or liquidation, and default in payments were indicators the asset is impaired.

Impairment losses on shares were recognised in surplus or deficit.

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2023 $'000** | Actual 2022 $'000 | **Actual 2023 $'000** | Actual 2022 $'000 |
| **Loan/Advances** | | | | |
| Loan to WRC Holdings Limited | **44,544** | 44,000 | **-** | - |
| Loans and Advances to Joint Venture | **-** | - | **9,934** | 7,670 |
| Stadium advance | **2,028** | 2,100 | **2,028** | 2,100 |
| Warm Wellington funding | **3,811** | 3,516 | **3,811** | 3,516 |
| **Unlisted equity investments** | | | | |
| Civic Financial Services Limited shares | **80** | 80 | **80** | 80 |
| New Zealand Local Government Funding Agency Limited shares | **7,804** | 7,804 | **7,804** | 7,804 |
| **Deposits** | | | | |
| Bank deposits with maturity terms more than three months | **102,892** | 54,000 | **102,892** | 54,000 |
| New Zealand Local Government Funding Agency Limited borrower notes | **14,878** | 10,630 | **14,878** | 10,630 |
| **Contingency fund** | | | | |
| Bulk water supply contingency fund | **47,941** | 43,390 | **47,941** | 43,390 |
| Material damage property insurance contingency fund | **12,093** | 11,165 | **12,093** | 11,165 |
| Major flood contingency fund | **8,280** | 7,692 | **8,280** | 7,692 |
| | **244,352** | 184,377 | **209,742** | 148,047 |
| | | | | |
| Current financial assets | **172,768** | 117,167 | **172,224** | 117,167 |
| Non-current financial assets | **71,584** | 67,210 | **37,518** | 30,880 |
| **Total financial assets** | **244,352** | 184,377 | **209,742** | 148,047 |

The investment amounts stated below as part of the note are nominal amounts and do not include accrued interest.

**Loan to WRC Holdings Limited**

Greater Wellington loaned $44.0 million (2022: $44.0 million) to its wholly owned subsidiary WRC Holdings Limited. The rate per 30 June 2023 is 6.1075% (2022:2.3775%) and is reset quarterly.

**Loans and advances to Join Venture**

*Direct Connect Container Services Limited*

CentrePort provided a secured and interest bearing long term shareholder advance to Direct Connect Container Services Ltd of $7.0m, in October 2021. Interest is payable on the principal of 7.0% per annum, income from the loan for the year ended 30 June 2023 was $490k (2022: $490k). The loan is repayable on 29 November 2029.

During the period, CentrePort provided a secured and interest bearing long term shareholder advance to Direct Connect Container Services Ltd of $1.9m. Interest is payable on the principal of 7.0% per annum, income from the loan for the year ended 30 June 2023 was $93k. The loan is repayable on 4 August 2025.

At 30 June 2023, CentrePort has $1.1m of unsecured advances to Direct Connect Container Services there were no new advances made during the year (2022: nil). There is no interest charged on these advances and they are repayable on demand. This cash advance is shown on the balance sheet net of CentrePort's share of losses, $534k (2022: $670k).

*Marlborough Inland Hub Limited*

During the year, CentrePort provided a secured and interest bearing long term shareholder loan to Marlborough Inland Hub Limited of $500k. Interest is payable on the 30th of June each year or as otherwise provided by agreement at an interest rate of the OCR from time to time plus a margin of 1.5%. Income from the loan for the year ended 30 June 2023 was $18k. The loan is repayable on demand.

**Advance to Wellington Regional Stadium Trust**

Greater Wellington advanced $25 million to the Wellington Regional Stadium Trust in August 1998. The advance was 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. 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. Greater Wellington without prejudice expected that the Stadium would not repay the advance and consequently the asset is fully impaired.

**Later advance to Wellington Regional Stadium Trust**

Greater Wellington advanced $2.1 million (2022:$2.1 million) to Wellington Regional Stadium Trust as part of a joint loan facility with Wellington City Council. The advance was drawn progressively across the 2021 and 2022 financial years with the first two years after initial drawdown being interest free and an interest rate of 3% thereafter. The advance is unsecured and matures in December 2030.

The carrying value of the advance is recognised at a discount to the total loan amount, reflecting the interest rate terms. The discount will unwind progressively over the remaining term until the advance matures at the full principal amount.

**Civic Financial Services Limited**

Greater Wellington holds 80,127 shares (2022: 80,127 shares) in the New Zealand Local Government Insurance Corporation, trading as Civic Financial Services Limited.

**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 (2022: 1,866,000). It has also invested $14.1 million (2022: $10.6 million) in LGFA borrower notes, which return on average 5.96% as at 30 June 2023 (2022: 2.56%). 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 their being at risk of imminent default.

**LGFA borrower notes**

LGFA borrower notes are subordinated convertible debt instruments that Greater Wellington is required to subscribe for when borrowing from the LGFA. The subscription rate is 2.5% of the total amount borrowed. The borrower notes plus interest will be redeemed when the related Greater Wellington borrowing is repaid or NZ LGFA may convert them to redeemable shares under certain circumstances.

LGFA borrower notes are measured at fair value using discounted cash flows based on the interest rate yield curve at the reporting date.

**Warm Wellington**

The Warm 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 provided up to $5,000 assistance to ratepayers. The assistance is fully recovered by way of a targeted rate on those ratepayers that participate in the programme. The Programme was discontinued in the latter part of the 2020/21 financial year. A review is expected in 2023/2024 on the continuance of the scheme.

**Bank deposits with maturity terms more than three months**

Greater Wellington has invested $102.0 million (2022: $54.0 million) of its funds in short term deposits with an average rate of 5.99% (2022: 2.85%).

**Bulk water supply contingency fund**

Greater Wellington is holding $47.3 million (2022: $43.4 million) in bulk water supply contingency funds. The funds are invested in term deposits. The weighted average rate is 5.95% (2022: 2.48%).

**Material damage property insurance contingency fund**

Greater Wellington has invested $12.0 million (2022: $11.2 million) of its material damage property insurance contingency fund in short term deposits with an average rate of 6.11% (2022: 2.83%).

**Major flood contingency fund**

Greater Wellington has invested $8.1 million (2022: $7.7 million) of its major flood contingency fund in a short term deposit with a rate of 5.87% (2022: 1.96%).

**Attachment 1 to Report 23.533**

## *14 Aggregated joint venture information*

| Name of joint venture | Principal activity | **2023 Percentage ownership %** | 2022 Percentage ownership % |
|---|---|---|---|
| Harbour Quays D4 Limited* | Commercial rental property | **76.9%** | 76.9% |
| Direct Connect Container Services Limited | Transport hubbing and logistics | **38.5%** | 38.5% |
| Marlborough Inland Hub Limited | Development | **38.5%** | 38.5% |
| Dixon & Dunlop Limited | Construction & development | **38.5%** | 38.5% |

**Marlborough Inland Hub Limited**

On 23 December 2021, the Group purchased land and assets used to fulfil a Grape Supply Agreement in Marlborough for $13.5m which was treated as an asset held for sale. On 29 June 2022, Marlborough Inland Hub Limited was established as a joint venture between the Group and Port of Marlborough New Zealand Limited. The joint venture purchased this property from the Group for $13.5m. The land component of the property was revalued at 30 June 2022 from $10.6m to $12.3m.

**Dixon & Dunlop Limited**

On 31 August 2021, CentrePort Limited purchased 50% of the shares in Dixon & Dunlop Limited for $4.1m. CentrePort's interest in Dixon & Dunlop has been accounted for using the equity method. During the year ended 30 June 2023, CentrePort received cash dividends of $1.25m (2022: $100k).

* All companies are incorporated and operate in New Zealand

**Attachment 1 to Report 23.533**

**Summarised balance sheet**

| | Actual 2023 $'000 | Actual 2022 $'000 |
|---|---|---|
| **Current** | | |
| Cash and cash equivalents | **3,449** | 1,744 |
| Other current assets (excluding cash) | **1,962** | 2,002 |
| **Total current assets** | **5,411** | 3,746 |
| Other current liabilities (including trade payables) | **(1,833)** | (1,831) |
| **Total current liabilities** | **(1,833)** | (1,831) |
| **Non-current** | | |
| Assets | **38,321** | 35,322 |
| **Total non-current assets** | **38,321** | 35,322 |
| Financial liabilities | **(19,060)** | (16,160) |
| Other liabilities | **(1,746)** | - |
| **Total non-current liabilities** | **(20,806)** | (16,160) |
| **Net assets** | **21,093** | 21,077 |

**Summarised statement of comprehensive income**

| | Actual 2023 $'000 | Actual 2022 $'000 |
|---|---|---|
| Revenue | **19,582** | 16,564 |
| Operating expenses | **(16,542)** | (14,192) |
| Net finance cost | **-** | - |
| | **3,040** | 2,372 |

**Reconciliation of summarised financial information**

| | Actual 2023 $'000 | Actual 2022 $'000 |
|---|---|---|
| **Opening carrying value** | **12,818** | 10,845 |
| Profit/(loss) for the year | **1,521** | 1,186 |
| Adjustments | **(19)** | - |
| Movement through OCI | **-** | 813 |
| Applied against loan | **141** | 74 |
| Dividend | **(1,250)** | (100) |
| **Closing carrying value** | **13,211** | 12,818 |

**Attachment 1 to Report 23.533**

## *15 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 is categorised into the following classes:

- Wharves, paving and Seawalls
- 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
- Right of use assets

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

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Greater Wellington & the Group and the cost of the item can be measured reliably.

The costs of day to day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Property, plant, and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

**Revaluation**

Infrastructural assets are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three to five years, except operational port freehold land which is valued every three years.

Revaluation movements are accounted for on a class of asset basis. The fair value of revalued assets is recognised in the financial statements of Greater Wellington & the Group and reviewed at the end of each reporting period to ensure that the carrying value is not materially different from its fair value. Any revaluation increase in the class of asset is recognised in other comprehensive revenue and expenses and accumulated as a separate component of equity in the asset revaluation reserve, except to the extent it reverses a previous revaluation decrease for the same asset previously recognised in the statement of revenue and expenses, in which case the increase is credited to the statement of revenue and expenses to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is charged to the statement of revenue and expenses to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation.

The following assets are revalued at least every three to five years:

**Flood protection**

The flood protection infrastructure assets were valued at 30 June 2020 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 and Opus International Consultants. He concluded that the 2020 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 2020 by Martin Veale ANZIV, SPINZ and 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 2020. Land valuation was completed by Stuart McCoshim MRICS, MPINZ, using comparison to market sales of comparable type land in similar locations to each parcel, which reflects fair value.

Management performed a desktop assessment to assess if there are any indications that the carrying value of these revalued assets is materially different to the estimated fair value. The flood protection desktop assessment indicated that no adjustment to carrying values was required. The outcome of the assessment is supported by sperate review performed by Damwatch.

**Riverlink properties**

Greater Wellington has been acquiring properties around Te Awa Kairangi Hutt River since 2016 in preparation for the significant flood protection works associated to the RiverLink project. The buildings were recognised at cost as part of the land and building assets. However, the land has been valued every three to five years as part of the overall flood protection infrastructure assets. The project has now progressed considerably with a memorandum of agreement being agreed with Waka Kotahi towards the end of June 2023, whereby some properties that have been acquired by Greater Wellington have been identified to be sold to Waka Kotahi for their infrastructure projects. A demolition schedule of the relevant buildings on this land identified for sale to Waka Kotahi was also agreed in August 2023.

The accounting standards require us to value the land and buildings based on its overarching designation and intended use of the area as 'open space'. Consequently, an impairment loss of around $36.7 million relating to the buildings has been recognised in the statement of comprehensive revenue and expense. Further, a reduction in value of around $40.5 million relating to land has also been recognised in the asset revaluation reserve.

However, it is important to note that the actual use of the land has an underlying intrinsic value to the Hutt Valley and wider Region as the land will host proposed cycle and pedestrian corridors, improved flood banks and recreational green areas that will enhance the liveability of the Hutt Valley and also significantly reduce the risk and impact of severe flood events on Hutt City. Overall, the RiverLink project is expected to deliver environmental restoration and flood resilience, alongside benefits to the social and economic vitality of communities around Te Awa Kairangi Hutt River.

**Parks and forests**

The parks and forests land and buildings were valued at 30 June 2022. Land and improvements have been valued using the market value methodology by Fergus Rutherford, Registered Valuer of Baker and Associates Limited. Roads, fences, bridges, tracks and other park infrastructure were valued at 30 June 2022 and have been valued using ODRC methodology. Peter Ollivier, Senior Project Director of Calibre Consulting Limited reviewed the unit rate methodology.

**Public transport**

Operational assets and rail infrastructural and rolling stock are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value. They are revalued every five years.

GWRL public transport rail station infrastructural assets and rolling stock were independently valued by Mike Morales, FPINZ, FNZIV, PINZ Registered Plant and Machinery Valuer, and Paul Butchers, BBS, FPINZ, FNZIV, both Directors of Bayleys Valuations Limited as at 30 June 2023 using Optimised Depreciated Replacement Cost (ODRC) methodology.

GWRC public transport bus stops, bus hubs and park & ride land assets were independently valued by Mike Morales, FPINZ, Registered Plant and Machinery Valuer, Director of Bayleys Valuations Limited and Paul Butchers FPINZ as at 30 June 2023 using Optimised Depreciated Replacement Cost (ODRC) methodology.

**Regional water supply**

Regional water supply infrastructure assets were valued by Mike Morales Director of Bayleys as at 30 June 2022 using ODRC methodology. Water supply buildings were revalued by Paul Butcher, BBS, FPINZ, Registered Valuer, a Director of Bayleys Valuations Limited as at 30 June 2022 using ODRC methodology.

Water urban based land assets were valued by Telfer Young (Martin J Veale, Registered Valuer, ANZIV, SPINZ) as at 30 June 2022 using current market value methodology in compliance with PINZ professional Practice (Edition 5) Valuation for Financial Reporting and NZ PBE IPSAS 17 Property Plant and Equipment.

Water catchment and rural based assets were valued by Baker & Associates (Fergus T Rutherford, Registered Valuer, BBS (VPM), ANZIV) as at 30 June 2022 using current market value methodology in compliance with PINZ Professional Practice (Edition 5) Valuation for Financial Reporting and NZ PBE IPSAS 17 Property Plant and Equipment.

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

Operational Port Land is stated at fair value at the date of revaluation and is determined by reference to the highest & best use of land as determined by the independent valuer. Operational Port Land was last independently valued by the firm Colliers International, a registered valuer, on 30 June 2022.

Operation Port Land which was transferred to Investment Property during the year was valued by Colliers International at the date of transfer.

For the year ended 30 June 2023, management in conjunction with Colliers International have performed a desktop assessment of port operational land which has concluded that the carrying values are not materially different to their fair values as at that date. On that basis there are no changes to the assessed values or assumptions other than the transfer of certain properties to investment property and the reduction in provision for land resilience as amounts are spent and capitalised in the assets.

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 revenue and expense. Greater Wellington Rail public transport rail station infrastructural assets and its rolling stock were valued by Bayleys using ODRC methodology at 30 June 2023.

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 revenue and expenses, then it is recognised in the statement of revenue and expenses. A decrease in the value on revaluation is recognised in the statement of revenue and expense where it exceeds the increase of that asset previously recognised in the asset revaluation reserve.

Property, Plant and Equipment is recorded at cost less accumulated depreciation and impairment. Cost represents the value of the consideration 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 is depreciated, excluding land.

**Additions**

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to Greater Wellington and the Group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non exchange transaction, it is recognised at its fair value as at the date of acquisition. Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably. The costs of day to day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

**Disposals**

Gains and losses on disposals are determined by comparing the disposal proceeds to the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

**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 | 2 to 100 years |
| Operational port freehold land | Indefinite |
| Operational land | Indefinite |
| Operational buildings | 5 to 75 years |

| | |
|---|---|
| Operational plant and equipment | 2 to 40 years |
| Operational vehicles | 2 to 34 years |
| Flood protection infrastructural assets | 10 years to indefinite |
| Transport infrastructural assets | 4 to 150 years |
| Rail rolling stock | 20 to 30 years |
| Navigational aids infrastructural assets | 10 to 50 years |
| Parks and forests infrastructural assets | 5 to 155 years |
| Regional water supply infrastructural assets | 3 to 214 years |
| Right to use | 20 years |

**Impairment of property, plant, and equipment**

Property, plant, and equipment that has a finite useful life is reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit. For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

*Value in use for non cash generating assets*

Non cash generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

*Value in use for cash generating assets*

Cash generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash generating assets and cash generating units is the present value of expected future cash flows.

**Attachment 1 to Report 23.533**

## Council 2023

| | Land & Buildings $'000 | Plant & Equipment $'000 | Motor Vehicle $'000 | Flood Protection $'000 | Navigational aids $'000 | Parks & Forests $'000 | Transport Infrastructure $'000 | Water Infrastructure $'000 | Right to use $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| Opening net book value | 35,608 | 29,628 | 2,893 | 472,602 | 1,949 | 129,514 | 58,094 | 662,821 | 24,720 | 1,417,829 |
| Disposals/written off net | - | (9) | - | (9) | (9) | (125) | (386) | (110) | - | (648) |
| Reclassification ** | - | - | - | (1,827) | - | - | - | - | - | (1,827) |
| Revaluation gain/loss | - | - | - | (40,530) | - | - | 1,957 | - | - | (38,573) |
| Impairment | (36,720) | - | - | - | - | - | - | - | - | (36,720) |
| Additions | 15,439 | 46 | 2,302 | 15,077 | - | 794 | 3,497 | 9 | - | 37,164 |
| Depreciation charge | (2,758) | (2,547) | (878) | (1,005) | (67) | (3,218) | (2,850) | (18,570) | (1,528) | (33,421) |
| Work in progress movement | - | 59,478 | 277 | 18,232 | 38 | (400) | 4,079 | 10,022 | - | 91,726 |
| **Total** | **11,569** | **86,596** | **4,594** | **462,540** | **1,911** | **126,565** | **64,391** | **654,172** | **23,192** | **1,435,530** |
| At cost and valuation | 15,464 | 29,220 | 10,090 | 417,210 | 2,280 | 127,150 | 53,896 | 617,727 | 30,889 | 1,303,926 |
| Work in progress | - | 71,074 | 427 | 51,033 | 38 | 2,627 | 17,362 | 54,994 | - | 197,555 |
| Accumulated depreciation | (3,895) | (13,698) | (5,923) | (5,703) | (407) | (3,212) | (6,867) | (18,549) | (7,697) | (65,951) |
| **Total** | **11,569** | **86,596** | **4,594** | **462,540** | **1,911** | **126,565** | **64,391** | **654,172** | **23,192** | **1,435,530** |

** See note 16 for details of the reclassification of assets held for disposal.

## Council 2022

| | Land & Buildings $'000 | Plant & Equipment $'000 | Motor Vehicle $'000 | Flood Protection $'000 | Navigational aids $'000 | Parks & Forests $'000 | Transport Infrastructure $'000 | Water Infrastructure $'000 | Right to use $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| Opening net book value | 29,345 | 30,881 | 3,039 | 447,569 | 2,046 | 88,606 | 41,044 | 592,295 | 26,256 | 1,261,081 |
| Disposals/written off net | - | (22) | (49) | - | - | - | - | (139) | - | (210) |
| Reclassification | - | - | - | - | - | 58 | - | (656) | - | (598) |
| Revaluation gain/loss | (120) | - | - | - | - | 41,834 | 11,600 | 66,863 | - | 120,177 |
| Additions | 7,072 | 1,807 | 705 | 3,450 | - | - | - | 6,743 | - | 19,777 |
| Depreciation charge | (689) | (3,591) | (944) | (1,171) | (97) | (1,901) | (3,137) | (16,434) | (1,536) | (29,500) |
| Work in progress movement | - | 553 | 142 | 22,754 | - | 917 | 8,587 | 14,148 | - | 47,101 |
| **Total** | **35,608** | **29,628** | **2,893** | **472,602** | **1,949** | **129,514** | **58,094** | **662,820** | **24,720** | **1,417,828** |
| At cost and valuation | 39,609 | 29,187 | 9,044 | 444,498 | 2,292 | 126,487 | 54,262 | 617,850 | 30,889 | 1,354,118 |
| Work in progress | - | 11,598 | 150 | 32,801 | - | 3,027 | 13,284 | 44,970 | - | 105,830 |
| Accumulated depreciation | (4,001) | (11,157) | (6,301) | (4,697) | (343) | - | (9,452) | - | (6,169) | (42,120) |
| **Total** | **35,608** | **29,628** | **2,893** | **472,602** | **1,949** | **129,514** | **58,094** | **662,820** | **24,720** | **1,417,828** |

**Attachment 1 to Report 23.533**

Greater Wellington
Te Pane Matua Taiao



## Group 2023

| | Land & Buildings | Plant & Equipment | Motor Vehicle | Flood Protection | Navigational aids | Parks & Forests | Transport Infrastructure | Water Infrastructure | Wharves & paving | Rolling stock | Right to use | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Opening net book value | 161,484 | 72,737 | 2,893 | 472,602 | 1,949 | 129,514 | 204,772 | 662,821 | 85,792 | 365,975 | 24,720 | 2,185,259 |
| Disposals/written off net | - | (27) | - | (9) | (9) | (125) | (1,348) | (111) | (293) | - | - | (1,922) |
| Reclassification | (24,925) | 3,078 | - | (1,827) | - | - | - | - | (3,078) | - | - | (26,752) |
| Revaluation gain/loss | 9,636 | - | - | (40,530) | - | - | (26,618) | - | - | 13,981 | - | (43,531) |
| Impairment | (36,720) | - | - | - | - | - | - | - | - | - | - | (36,720) |
| Additions | 31,188 | 9,008 | 2,302 | 15,077 | - | 794 | 20,235 | 9 | 15,219 | 2,536 | - | 96,368 |
| Depreciation charge | (3,525) | (7,849) | (879) | (1,005) | (67) | (3,218) | (8,494) | (18,570) | (5,508) | (24,207) | (1,528) | (74,850) |
| Work in progress movement | 29 | 58,535 | 277 | 18,232 | 38 | (400) | 2,387 | 10,022 | 6,904 | 1,497 | - | 97,521 |
| **Total** | **137,167** | **135,482** | **4,593** | **462,540** | **1,911** | **126,565** | **190,934** | **654,171** | **99,036** | **359,782** | **23,192** | **2,195,373** |
| At cost and valuation | 165,535 | 138,420 | 10,089 | 417,210 | 2,280 | 127,150 | 167,218 | 617,728 | 130,521 | 355,710 | 30,889 | 2,162,750 |
| Work in progress | 750 | 72,319 | 427 | 51,033 | 38 | 2,627 | 30,583 | 54,992 | 29,152 | 4,072 | - | 245,993 |
| Accumulated depreciation | (29,118) | (75,257) | (5,923) | (5,703) | (407) | (3,212) | (6,867) | (18,549) | (60,637) | - | (7,697) | (213,370) |
| **Total** | **137,167** | **135,482** | **4,593** | **462,540** | **1,911** | **126,565** | **190,934** | **654,171** | **99,036** | **359,782** | **23,192** | **2,195,373** |

## Group 2022

| | Land & Buildings | Plant & Equipment | Motor Vehicle | Flood Protection | Navigational aids | Parks & Forests | Transport Infrastructure | Water Infrastructure | Wharves & paving | Rolling stock | Right to use | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Opening net book value | 130,505 | 83,047 | 3,039 | 447,569 | 2,046 | 88,606 | 149,684 | 592,295 | 65,724 | 343,826 | 26,256 | 1,932,597 |
| Disposals/written off net | (2) | (40) | (49) | - | - | - | - | (139) | - | - | - | (230) |
| Reclassification | 621 | (2,000) | - | - | - | - | - | - | 1,377 | - | - | (2) |
| Revaluation gain/loss | 10,047 | - | - | - | - | 41,892 | 47,600 | 66,207 | - | 34,900 | - | 200,646 |
| Impairment | (1,433) | (6,441) | - | - | - | - | - | - | (10,414) | - | - | (18,288) |
| Additions | 21,503 | 6,315 | 705 | 3,450 | - | - | 1,054 | 6,743 | 43,100 | 5,800 | - | 88,670 |
| Depreciation charge | (1,800) | (8,600) | (944) | (1,171) | (97) | (1,901) | (7,958) | (16,434) | (3,730) | (19,801) | (1,536) | (63,972) |
| Decrease in fair value | (107) | - | - | - | - | - | - | - | - | - | - | (107) |
| Provision for Resilience | 2,487 | - | - | - | - | - | - | - | - | - | - | 2,487 |
| Work in progress movement | (337) | 456 | 142 | 22,754 | - | 917 | 14,392 | 14,148 | (10,265) | 1,246 | - | 43,453 |
| **Total** | **161,484** | **72,737** | **2,893** | **472,602** | **1,949** | **129,514** | **204,772** | **662,820** | **85,792** | **365,971** | **24,720** | **2,185,254** |
| At cost and valuation | 203,690 | 125,810 | 9,044 | 444,498 | 2,292 | 126,487 | 199,034 | 617,851 | 119,705 | 416,495 | 30,889 | 2,295,795 |
| Work in progress | 721 | 13,784 | 150 | 32,801 | - | 3,027 | 28,197 | 44,970 | 22,248 | 2,565 | - | 148,463 |
| Accumulated depreciation | (42,928) | (66,857) | (6,301) | (4,697) | (343) | - | (22,459) | - | (56,161) | (53,089) | (6,169) | (259,004) |
| **Total** | **161,483** | **72,737** | **2,893** | **472,602** | **1,949** | **129,514** | **204,772** | **662,821** | **85,792** | **365,971** | **24,720** | **2,185,254** |

**Attachment 1 to Report 23.533**

Greater Wellington
Te Pane Matua Taiao

## Infrastructural assets – further disclosures

| Council 2023 | Closing book value $'000 | Additions: Constructed by Council $'000 | Additions: Assets transferred to Council $'000 | Estimated replacement cost $'000 |
|---|---|---|---|---|
| Infrastructural assets | | | | |
| Water treatment plants and facilities | 347,691 | - | - | 378,448 |
| Other water assets | 251,488 | - | 9 | 265,629 |
| Flood protection and control works | 411,507 | - | 15,077 | 406,780 |
| **Total infrastructural assets** | **1,010,686** | **-** | **15,086** | **1,050,857** |

| Council 2022 | Closing book value $'000 | Additions: Constructed by Council $'000 | Additions: Assets transferred to Council $'000 | Estimated replacement cost $'000 |
|---|---|---|---|---|
| Infrastructural assets | | | | |
| Water treatment plants & facilities | 275,133 | 6,743 | - | 275,133 |
| Other water assets | 342,718 | - | - | 342,718 |
| Flood protection and control works | 439,802 | - | 3,450 | 462,888 |
| **Total infrastructural assets** | **1,057,653** | **6,743** | **3,450** | **1,080,739** |

### Capital Work in Progress

Capital work in progress includes capital projects requiring resource consent to proceed. Management regularly review these projects to determine whether the assumptions supporting the project proceeding continue to be valid. The Capital Work in Progress balance is carried forward on the basis the projects have been determined they will proceed.

| 2022 Group ($000) | 2022 Parent ($000) | | 2023 Group ($000) | 2023 Parent ($000) |
|---|---|---|---|---|
| 721 | - | Land & Buildings | 750 | - |
| 13,784 | 11,598 | Plant & Equipment | 72,319 | 71,074 |
| 150 | 150 | Motor Vehicle | 427 | 427 |
| 32,801 | 32,801 | Flood Protection | 51,033 | 51,033 |
| - | - | Navigational aids | 38 | 38 |
| 3,027 | 3,027 | Parks and Forests | 2,627 | 2,627 |
| 28,197 | 13,284 | Transport infrastructure | 30,583 | 17,362 |
| 44,970 | 44,970 | Water infrastructure | 54,992 | 54,992 |
| 22,248 | - | Wharves and paving | 29,152 | - |
| 2,565 | - | Rolling stock | 4,072 | - |
| **148,463** | **105,830** | | **245,993** | **197,553** |

### Service Concession Arrangement

*Background*

Greater Wellington (as grantor) has entered into an arrangement with Tranzit, NZ Bus, and Mana (the Operators) to provide bus services. The arrangement requires Operators to provide timetable services using double decker buses under contracts terms of 15 years.

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During this period, the operator will earn revenues from operating the buses while Greater Wellington pays the service fees and substantively control the use of the double decker buses as specified in the agreement. At the end of the contract term, the ownership of those buses will transfer to Greater Wellington with the price determined using a contracted formula.

*Service concession asset*

The double decker buses were initially recognised at fair value of $31 million in 2018/19 and have been subsequently measured in accordance with PBE IPSAS 32. They have an estimated useful life of 20 years and are depreciated on a straight line basis.

*Service concession liability*

$31 million of financial liability in relation to the service concession arrangement has also been initially recognised in 2018/19. This financial liability has been subsequently accounted for using the amortised cost model leading to finance expenses over 15 years.

**Operational Port Land**

Operational Port Land is measured at fair value less any allowance for impairment.

Operational Port Land was independently valued by Colliers International, a registered valuer, on 30 June 2023. The assessed value at that time was $83.8m which was adjusted by $14.4m for estimated Operational Port Land resilience costs, to arrive at fair value for financial reporting purposes.

| | **Council** | | **Group** | |
|---|---|---|---|---|
| | **Actual 2023 $'000** | Actual 2022 $'000 | **Actual 2023 $'000** | Actual 2022 $'000 |
| Industrial Zoned Land | **-** | - | **98,245** | 113,511 |
| Commercial Zoned | **-** | - | **-** | - |
| Other Port Land | **-** | - | **29,566** | 29,566 |
| | **-** | - | **127,811** | 143,077 |
| Less Provision for Land Resilience | **-** | - | **(14,425)** | (27,763) |
| Additions, Transfers, and Disposals of Port Land since valuation | **-** | - | **-** | - |
| **Total Operational Port Land** | **-** | - | **113,386** | 115,314 |
| **Industrial Zoned Land** | | | | |
| Industrial Zoned Land as at 1 July | **-** | - | **113,511** | 105,396 |
| Additions* | **-** | - | **23** | 262 |
| Transfers to Investment Property | **-** | - | **(24,925)** | - |
| Increase / (decrease) in fair value* | **-** | - | **9,636** | 7,853 |
| | - | - | 98,245 | 113,511 |
| **Other Port Land** | | | | |
| Other Port Land as at 1 July | **-** | - | **29,566** | 27,359 |
| Additions | **-** | - | **-** | - |
| Transfers/Reclassifications | **-** | - | **-** | - |
| Increase / (decrease) in fair value* | **-** | - | **-** | 2,207 |
| | - | - | 29,566 | 29,566 |
| **Provision for Land Resilience** | | | | |
| Provision for Land Resilience as at 1 July | **-** | - | **(27,763)** | (43,588) |
| Additions | **-** | - | **13,338** | 13,338 |
| Transfers/Reclassifications | **-** | - | **-** | - |
| Change in Provision for Land Resilience charged to Revaluation Reserve | **-** | - | **-** | 2,487 |
| | **-** | - | **(14,425)** | (27,763) |

**Valuation approach operational Port Land**

The fair value of Industrial Zoned Land is on a vacant basis, reflecting the land in its current state, however ignoring any and all operational buildings, structures and improvements involved in the day to day operation of port related activities. Industrial Zoned Land is made up of Freehold land and Land leased out to third parties ("Leasehold Land") as part of port operations.

Each freehold parcel of land is valued on a rate per square metre basis using the direct sales comparison approach. In carrying out this comparison, consideration is given to:

- sales of land or development sites within the wider Wellington region
- size, shape, location and access to services including road frontage, exposure to vehicles, allowable height, and density of use
- the current state of the Wellington and wider New Zealand economy.
- the current state of Wellington property markets including the office, industrial, large format retail, residential accommodation, and hotel accommodation markets

Each leasehold parcel of land is valued using a Capitalised Net Rental approach, where market ground rental is capitalised with reference to sales of lessors interests, with an allowance made for differences between contract and market rents adjusted for the terms of the lease. Significant inputs into this valuation approach are:

- comparable recent rental settlements on a rate per square metre of land;
- perpetually renewable or terminating lease
- rental review periods; and
- forecast trends for interest rates and market based property yields.

Market rental is assessed using both the:

- Classic approach under which the valuer adjusts a basket of comparable rental settlements for a ground rental rate per square metre and multiplies by the land area leased, and the
- Traditional approach whereby the valuer assesses a market land value and applies a market based ground rental percentage against this value.

Key assumptions underlying the valuation are set out below:

- It is assumed that there is a structural sea wall along the reclamation edge to ensure that all sites offer appropriate stability for commercial development. All costs associated with ensuring the land is resilient are to be borne by CentrePort and have been excluded from the valuer's assessed value. This has been taken into account in the fair value as noted in the "Operational Port Land Resilience" adjustment below.

The following table summarises the valuation approach used by the valuers in 2022 to arrive at an assessed value together with the Provision for Land Resilience and the sensitivity of the valuation to movements in unobservable inputs. Given the desktop exercise completed at 30 June 2023 the value and assumptions remain unchanged other than an adjustment for transfers to investment property in the 2023 financial year and movements in the provision for land resilience:

**Attachment 1 to Report 23.533**

| Industrial Zoned Land | Assessed Value | Valuation approach | Key valuation assumptions | Valuation impact |
|---|---|---|---|---|
| Freehold Land | $ 86.8m (2022: $102.0m) | Direct Sales Comparison approach | Weighted average land value the rate per sqm applied to the subject property. This ranges from $50psqm to $1,650psqm (2022: $50psqm to $1,650psqm) | + 5% $4.4m (2022: + 5% $5.1m) |
| | | Market Capitalisation | Capitalisation rate the rate of return determined through analysis of comparable, market related sales transactions, which is applied to a property's sustainable net income to derive value. The rate selected was 6.25% (2022: 6.25%) | + 0.25% $0.1m (2022: + 0.25% $0.1m) |
| | | Discounted Cash Flow | Discount rate the rate of return used to determine the present value of future cash flows. The rate used was 7.5% (2022: 7.5%) | + 0.25% $0.1m (2022: + 0.25% $0.1m) |
| Leasehold Land | $11.5m (2022: $11.5m) | Capitalised Net Rental approach | Weighted average land value the rate per sqm applied to the subject property. This ranges from $1,500psqm to$1,750psqm (2022: $1,500psqm to $1,750psqm) | + 5% $0.6m (2022: + 5% $0.6m) |
| **Assessed Value** | **$98.2m (2022: $113.5m)** | | | |
| Provision for Land Resilience | $14.4m (2022: $27.8m) | Cost estimates | Estimated cost of completing land resilience work. | + 15% $2.2m (2022: + 15% $4.2m) |
| **Total Fair Value** | **$83.8m (2022: $85.7m)** | | | |

**Operational Port Land resilience**

An adjustment of $14.4m has been made to the fair value of Operational Port Land at 30 June 2023 (2022: $27.8m) to recognise the resilience work that needed to be undertaken to support the land and achieve the assessed value determined by Colliers International in their independent valuation. The resilience works costs are estimated with reference to the costs for remediation works already undertaken for part of the operational port land and third party cost estimates. $13.3m of remediation works were completed during the year (2022: $13.3m). The land resilience provision was unchanged (2022: $2.5m) for the total estimate of the cost to complete the remediation works.

There is a significant level of uncertainty attached to the level of adjustment to be recognised for port land resilience. This uncertainty includes the appropriate level of resilience required for each area of land, the range of potential technical solutions available to provide the desired level of resilience, and the cost of each potential solution.

**Valuation approach – other port land**

Other Port Land is made up of Freehold land and land leased out to third parties ("Leasehold Land"). Significant ancillary services are provided to these third parties. Leasehold Land is valued using a combination of the following approaches:

- Capitalised Net Market Rental approach   this is where market ground rental is capitalised with reference to sales of lessors interests, with an allowance made for differences between contract and market rents adjusted for the terms of the lease.
- Market Capitalisation approach   This is where fair value is determined by assessing the property's market ground rental and then capitalising this using an appropriate yield.
- Discounted Cashflow approach   This is where fair value is determined by a present value of the projected cashflow of the property over a period, making allowances for such variables as discount rates, growth rates, rental levels, vacancy allowances, capital expenditure and outgoings, and terminal yields.

Significant inputs into these valuation approaches are:

- comparable recent rental settlements on a rate per square metre of land
- perpetually renewable or terminating lease
- rental review periods; and
- forecast trends for interest rates and market based property yields.

Market ground rental is assessed using the traditional approach whereby the valuer assesses a market land value and applies a market based ground rental percentage against this value.

Other key assumptions underlying the valuation are set out below:

The 2022 rent reviews have not been undertaken or initiated by either party. The valuation assumes the rentals have remained at those levels previously payable.

The following table summarises the key inputs and assumptions used by the valuer to arrive at fair value and the sensitivity of the valuation to movements in unobservable inputs.

Attachment 1 to Report 23.533

| Other Port Land | Assessed Value | Valuation approach | Key valuation assumptions | Valuation impact |
|---|---|---|---|---|
| Leasehold Land | $24.5m (2022: $26.5m) | Capitalised Net Market Rental | Weighted average land value the rate per sqm applied to the subject property. This ranges from $150psqm to $750psqm(2022: $150psqm to $750psqm) | + 5% $1.2m (2022:+ 5% $1.3m) |
| Freehold Land | $5.0m (2022: $3.1m) | Market Capitalisation | Market capitalisation rate the rate of return determined through analysis of comparable, market related sales transactions, which is applied to a property's sustainable net income to derive value. This is set at 8.25% (2022: 8.25%) | + 0.25% $0.3m (2022: + 0.25% $0.3m) |
| | | Discounted Cashflow | Discount rate the rate of return used to determine the present value of future cash flows. The rate used was 8.75% (2022: 8.75%) | + 0.25% $0.2m (2022: + 0.25% $0.2m) |
| Total Fair Value | $29.6m (2022: $29.6m) | | | |

**Greater Wellington Rail Limited (GWRL)**

All other property, plant and equipment are carried at cost less accumulated depreciation and any allowance for impairment.

## *16 Non-current assets held for sale*

**Accounting policy**

Non-current assets 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.

Impairment losses, if any are recognised in the surplus or deficit. Increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised. Non-current assets are not depreciated or amortised while they are classified as held for sale.

| | **Council** | | **Group** | |
|---|---|---|---|---|
| | **2023 $'000** | 2022 $'000 | **2023 $'000** | 2022 $'000 |
| Land | **1,827** | - | **1,827** | - |
| **Non-current assets held for disposal** | **1,827** | - | **1,827** | - |

Te Wai Takamori o Te Awa Kairangi project is a once in a lifetime opportunity to transform Te Awa Kairangi ki Tai - Lower Hutt. It is a collaborative project between Greater Wellington Regional Council, Hutt City Council, Waka Kotahi New Zealand Transport Agency, iwi mana whenua Taranaki Whanui ki te Upoko o te Ika (Taranaki Whanui), Ngati Toa Rangatira (Ngati Toa), and the AECOM Fletcher alliance who are working collaboratively to transform Te Awa Kairangi ki Tai  Lower Hutt by providing better flood protection, enabling urban growth and improving transport safety and connections in central Te Awa Kairangi ki Tai | Lower Hutt and around the Melling Interchange.

The above assets held for disposal are comprised of residential and commercial units on Pharazyn and Marsden streets. The portion of the assets are held for transfer to Waka Kotahi as part of the Riverlink project. The transfer is subject to the final survey.

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## 17 Intangible assets

### Software

Software is a finite life intangible and is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful lives between 1 and 5 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

### 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 balance sheet and income in the statement of revenue and expense. 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 forests are 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.

Subsequently to initial recognition NZUs are revalued annually through the revaluation reserve.

**Council**

| | Software | Emission Units | Total |
|---|---|---|---|
| **Year ended 30 June 2023** | | | |
| Opening net book amount | 2,598 | 26,010 | 28,608 |
| Additions | - | 178 | 178 |
| Revaluation | - | (10,971) | (10,971) |
| Amortisation charge ** | (966) | - | (966) |
| Work in progress movement | 24 | - | 24 |
| Closing net book amount | 1,656 | 15,217 | 16,873 |
| | | | |
| **At 30 June 2023** | | | |
| Cost and valuation | 14,575 | 15,217 | 29,792 |
| Valuation | - | - | - |
| Accumulated amortisation and impairment | (12,919) | - | (12,919) |
| Net book amount | 1,656 | 15,217 | 16,873 |

**Council**

| | Software $'000 | Emission units $'000 | Total $'000 |
|---|---|---|---|
| **Year ended 30 June 2022** | | | |
| Opening net book amount | 1,693 | 14,658 | 16,351 |
| Additions | 3,261 | - | 3,261 |
| Revaluation | - | 11,352 | 11,352 |
| Amortisation charge ** | (2,356) | - | (2,356) |
| Closing net book amount | 2,598 | 26,010 | 28,608 |
| | | | |
| **At 30 June 2022** | | | |
| Cost and valuation | 14,551 | 26,010 | 40,561 |
| Valuation | - | - | - |
| Accumulated amortisation and impairment | (11,953) | - | (11,953) |
| Net book amount | 2,598 | 26,010 | 28,608 |

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## Group

| | Software $'000 | Emission Units $'000 | Total $'000 |
|---|---|---|---|
| **Year ended 30 June 2023** | | | |
| Opening net book amount | 2,955 | 26,010 | 28,965 |
| Additions | - | 178 | 178 |
| Revaluation | - | (10,971) | (10,971) |
| Amortisation charge ** | (1,154) | - | (1,154) |
| Working in progress movement | 23 | - | 23 |
| Closing net book amount | 1,824 | 15,217 | 17,041 |
| **At 30 June 2023** | | | |
| Cost and valuation | 17,900 | 15,217 | 33,117 |
| Valuation | - | - | - |
| Accumulated amortisation and impairment | (16,076) | - | (16,076) |
| Net book amount | 1,824 | 15,217 | 17,041 |

## Group

| | Goodwill $'000 | Software $'000 | Emission units $'000 | Total $'000 |
|---|---|---|---|---|
| **Year ended 30 June 2022** | | | | |
| Opening net book amount | 2,674 | 2,210 | 14,657 | 19,541 |
| Additions | - | 3,345 | - | 3,345 |
| Disposal | - | (51) | - | (51) |
| Revaluation | - | - | 11,353 | 11,353 |
| Impairment | (2,674) | - | - | (2,674) |
| Amortisation charge ** | - | (2,549) | - | (2,549) |
| Closing net book amount | - | 2,955 | 26,010 | 28,965 |
| **At 30 June 2022** | | | | |
| Cost | - | 20,837 | 26,010 | 46,847 |
| Accumulated amortisation and impairment | - | (17,882) | - | (17,882) |
| Net book amount | - | 2,955 | 26,010 | 28,965 |

No intangible assets are pledged as security for liabilities.

**The amortisation expense is included in operating expenses in the statement of comprehensive income.

**Attachment 1 to Report 23.533**

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## *18 Insurance coverage, asset values and contingency funds*

**Section 31 A (a) LG Act Amendment Act No 3**

a) The total value of all assets of the local authority that are covered by insurance contracts, and the maximum amount to which they are insured.

| | **Value of assets covered by insurance $'000** | Maximum level of insurance coverage $'000 |
|---|---|---|
| Council assets | **1,971,923** | 670,362 |
| Rolling stock | **591,383** | 195,000 |
| **Total** | **2,563,306** | 865,362 |

b) The total value of all assets of the local authority that are self-insured, and the value of any fund maintained by the local authority

| | **Value of fund maintained $'000** | Total value of assets self-insured $'000 |
|---|---|---|
| Council assets | **114,041** | 1,595,521 |
| Rolling stock | - | 396,383 |
| Total | **114,041** | 1,991,904 |

Mean Damage Estimates are used based on a 1,000 year average return interval (ARI) targeting the Wellington Fault based on a magnitude (Mw) 7.3 rupture to understand the risk and level of funds required to meet a catastrophic event. The combined mean damage estimate for the Water underground assets and Flood Protection assets has been calculated at $135 million and $71 million respectively by Tonkin & Taylor and Aon.

The Government will provide up to 60% of the loss of Infrastructure assets such as stopbanks, flood protection structures and below ground water infrastructure assets. This support is laid down in section 26 of the Guide to the National Civil Defence Plan Emergency Management Plan.

The total value of all assets of the local authority that are covered by financial risk sharing arrangements, and the maximum amount available to the local authority under those arrangements

Council's insurance cover is shared with Hutt City Council, Upper Hutt City Council, Kapiti Coast District Council and Porirua City Council. The Council shares its building and equipment insurance with these four Councils to the value of $600 million, based on our Council assets of $1.055 million and sharing group assets of $2.296 million.

**Attachment 1 to Report 23.533**

*19 Investment properties*

**Accounting policy**

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured at its fair value at the reporting date. Gains or losses arising from changes in fair value of investment property are included in the statement of comprehensive income in the period in which they arise.

Greater Wellington holds no investment in properties.

The Group's investment properties comprise of CentrePort Limited Group developed and undeveloped investment properties.

The Group has the following classes of Investment Property:

- Developed Investment Property
- Land Available for Development

**Valuation approach**

Investment properties are measured at fair value, which is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset at the reporting date.

The fair value of investment properties is based on the highest and best use for commercial property.

**Developed Investment Property - Valuation**

Developed Investment Property consists of the building and a leasehold interest in the land for the Customhouse. The property is leased to a third party.

Developed Investment Property is valued using a combination of the following approaches:

- Market capitalisation approach This is where the fair value is determined by capitalising the property's market ground rental with reference to sales of lessors' interests, and then an allowance is made for the difference between contract rent (either over or under) discounted until a notional equilibrium point in the lease term.
- Discounted cashflow approach This is where fair value is determined by a present value of the projected cashflow of the property over a period, making allowances for such variables as discount rates, growth rates, rental levels, vacancy allowances, capital expenditure and outgoings, and terminal yields.
- Contract Income approach This is where fair value is determined by directly capitalising the passing income. This method is effective where income is receivable from a secure tenant, however this is less effective where the current contract rent varies from the assessed market rent due to various factors.

**Land Available for Development - Valuation**

Land Available for Development consists of the Harbour Quays Development Land and the site of the former BNZ Building (2022: Harbour Quays Development Land).

Land Available for Development is valued using a Direct Sales Comparison approach This is where the subject property is compared with recently sold properties of a similar nature with fair value determined through the application of positive and negative adjustments for their differing features. In carrying out this comparison, consideration is given to sales of similar property within the wider Wellington region, along with adjustments for factors such as the size, shape, location, access to services including road frontage, exposure to vehicles, allowable height, and density of use of the property.

Other key assumptions underlying the valuation are set out below:

- It is assumed that all 'normal' site services are fully reinstated, and no allowance has been made for any remedial or repair work required to the site or surrounding land and infrastructure.
- The valuation is based on the current Masterplan and the provision of several development sites across the precinct. Any alteration to the Masterplan or development sites may have an impact on the valuation.
- There are limitations to the soil along the reclamation edge and ground improvements are needed across the sites to mitigate the risk of lateral spread. This was factored into the valuation and the adopted values reflect the requirement for additional sub terrain site strengthening costs likely to be incurred as part of any new development.
- The valuation assumed that CentrePort will erect a structural sea wall along the reclamation edge to ensure that all sites offer appropriate stability for commercial development. All costs associated with the sea wall are assumed to be borne by CentrePort and have been excluded from Collier's valuation. This has been estimated and deducted from the assessed value to measure the fair value in these financial statements.
- Due to low market confidence in the precinct (particularly for office uses); market assurance needs to be regained. This is perceived to be difficult should CentrePort decide against a strengthened seawall and elect for a compromised alternative solution.
- All interim income generated from the vacant sites has been disregarded. This income does help offset operating expenses and holding costs, however, many of the 'vacant' land sales referenced to value the subject land, also similarly have existing income pending redevelopment.

The table below summarises the valuation approach used by the valuers before allowances for infrastructure service costs to arrive at fair value and the sensitivity of the valuation to the movements in unobservable inputs.

**Attachment 1 to Report 23.533**

| Class of Property | Fair Value $'000 | Valuation approach | Key valuation assumptions | Valuation impact |
|---|---|---|---|---|
| Developed Investment Property | $30.5m (2022: $31.8m) | Contract Income | Capitalisation rate the rate of return determined through analysis of comparable, market related sales transactions, which is applied to a property's sustainable net income to derive value. The rate selected was 7.8% (2022: 7.0%) | +0.5% $1.0m (2022: +0.25% $1.5m) |
| | | Market Capitalisation | Capitalisation rate the rate of return determined through analysis of comparable, market related sales transactions, which is applied to a property's sustainable net income to derive value. The rate selected was 7.0% (2022: 6.25%) | +0.25% $1.5m 0.25% $1.0m (2022: +0.25% $1.5m 0.25% $2.0m) |
| | | Discounted Cashflow | Discount rate the rate of return used to determine the present value of future cashflows. The rate selected was 8.25% (2022: 7.5%) | +0.25% $0.6m 0.25% $0.6m (2022:+0.25% $0.72m 0.25% $0.74m) |
| Land Available for Development | $64.6m (2022: $39.7m) | Direct Sales Comparison | Weighted average land value the rate per sqm applied to the subject property. The rates applied ranged from $125 – $2,625 per sqm (2022: $125 – $2,625 per sqm) | + 5.0% $3.4m (2022: + 5.0% $2.0m) |
| **Assessed Value** | **$95.1 m (2022: $71.4m)** | | | |
| Cost to repair services to undeveloped sites, rebuild a seawall and complete ground improvement works | ($9.0m) (2022: ($8.8m) | Cost estimates | Estimated cost of completing works on Land Available for Development. | + 10% $0.9m (2022: + 10% $0.9m) |
| **Total Fair Value** | **$86.1m (2022: $62.6m)** | | | |



| | Council Actual 2023 $'000 | Council Actual 2022 $'000 | Group Actual 2023 $'000 | Group Actual 2022 $'000 |
|---|---|---|---|---|
| Developed investment properties | - | - | **30,500** | 31,767 |
| Land available for development | - | - | **55,625** | 30,850 |
| | - | - | **86,125** | 62,617 |

| | Council Actual 2023 $'000 | Council Actual 2022 $'000 | Group Actual 2023 $'000 | Group Actual 2022 $'000 |
|---|---|---|---|---|
| Developed investment properties brought forward | - | - | **31,767** | 26,000 |
| Additions | - | - | **155** | 124 |
| Increase / (decrease) in fair value | - | - | **(1,253)** | 5,643 |
| Disposals | - | - | **(169)** | - |

| | | | | |
|---|---|---|---|---|
| **Developed investment properties carried forward** | - | - | **30,500** | 31,767 |
| | | | | |
| Land available for development brought forward | - | - | **30,850** | 29,493 |
| Additions / (disposals) | - | - | **106** | 2,157 |
| Transfer from / (to) developed investment properties | - | - | **24,925** | - |
| Impairment on Earthquake damage | - | - | **-** | - |
| Increase / (decrease) in fair value | - | - | **(256)** | (800) |
| **Land available for development carried forward** | - | - | **55,625** | 30,850 |
| | | | | |
| **Total investment properties** | - | - | **86,125** | 62,617 |

## *20 Investments in subsidiaries and associates*

**Accounting policy**

Greater Wellington consolidates as subsidiaries in the group financial statements all entities over which Greater Wellington may direct the governance policies so as to obtain benefits from the activities of the entity. This power generally exists where Greater Wellington has an interest of 50% or more of council controlled organisations or more than one half of the voting rights on the governing body.

The investment in subsidiaries is carried at cost in the council's parent entity financial statements. The breakdown of investments in subsidiaries and associates is:

| | | 2023 | 2022 |
|---|---|---|---|
| | | **%** | % |
| WRC Holdings Limited | Subsidiary of Greater Wellington | **100** | 100 |
| CentrePort Limited* | Subsidiary of WRC Holdings Limited | **76.9** | 76.9 |
| Greater Wellington Rail Limited | Subsidiary of WRC Holdings Limited | **100** | 100 |
| Wellington Regional Economic Development Agency Limited (trading as WellingtonNZ) | Minority Interest | **20** | 20 |
| Wellington Water Limited | Associates of Greater Wellington | **17** | 17 |

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.

* On 14 October 2022, the Reserve Bank of New Zealand granted a licence under The Insurance (Prudential Supervision) Act 2010 for CentrePort Captive Insurance Limited to operate as a captive insurance company. As at 30 June 2023, CentrePort Captive Insurance has not issued any insurance contracts (2022: nil).

| | **Actual 2023** | Actual 2022 |
|---|---|---|
| WRC Holdings Limited (shares) | **337,145** | 316,945 |
| Wellington Water Limited (voting shares) | **150** | 150 |
| **Total investment in subsidiaries** | **337,295** | 317,095 |

For commercial sensitivity purposes, the financial information of associates is not disclosed.

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## 21 Derivative financial instruments

**Accounting Policy**

Derivative financial instruments are used to manage exposure to interest rate risks arising from Greater Wellington's financing activities and exposure to foreign exchange risks arising from operational activities. In accordance with its Treasury management policies, Greater Wellington does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date based on the forward interest rate yield curve. The resulting gain or loss is recognised in surplus or deficit.

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

The full fair value of any foreign exchange contract derivative is classified as current if the contract is due for settlement within 12 months of balance date; otherwise foreign exchange contract derivatives are classified as non current.

At 30 June 2023 Greater Wellington and Group had entered into the following interest rate swap agreements:

| | **Council** | | **Group** | |
|---|---|---|---|---|
| | **Actual 2023 $'000** | Actual 2022 $'000 | **Actual 2023 $'000** | Actual 2022 $'000 |
| **Current asset portion** | | | | |
| Interest rate swaps | **7,075** | - | **7,075** | - |
| **Total current asset portion** | **7,075** | - | **7,075** | - |
| **Non-current asset portion** | | | | |
| Interest rate swaps | **21,164** | 18,811 | **21,164** | 18,811 |
| **Total non-current asset portion** | **21,164** | 18,811 | **21,164** | 18,811 |
| **Total derivative financial instruments - assets** | **28,239** | 18,811 | **28,239** | 18,811 |
| **Current liability portion** | | | | |
| Interest rate swaps | **-** | 96 | **-** | 96 |
| **Total current liability portion** | **-** | 96 | **-** | 96 |
| **Non-current liability portion** | | | | |
| Interest rate swaps | **496** | 5,451 | **496** | 5,451 |
| **Total non-current liability portion** | **496** | 5,451 | **496** | 5,451 |
| **Total derivative financial instruments - liabilities** | **496** | 5,547 | **496** | 5,547 |
| **Total net fair value** | **27,743** | 13,264 | **27,743** | 13,264 |

For more information on interest rate swaps and foreign exchange contracts, please refer to note 27 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.

**Attachment 1 to Report 23.533**

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## 22 Trade and other payables

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2023 $'000** | Actual 2022 $'000 | **Actual 2023 $'000** | Actual 2022 $'000 |
| Trade payables | **81,390** | 70,301 | **95,295** | 85,843 |
| Deposits and bonds* | **21,562** | - | **21,571** | 88 |
| Revenue in advance | **504** | 5,957 | **504** | 5,957 |
| Accrued interest on borrowings | **8,569** | 4,072 | **8,569** | 4,072 |
| Amounts due to related parties | **6,232** | 6,833 | **-** | - |
| **Total current creditors and other payables** | **118,257** | 87,163 | **125,939** | 95,960 |

* A memorandum of agreement has been agreed with Waka Kotahi towards the end of June 2023, whereby some properties that have been acquired by Greater Wellington have been identified to be sold to Waka Kotahi for their infrastructure projects. See note 15 for details of Riverlink project.

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

## 23 Debt

| | Note | Council | | Group | |
|---|---|---|---|---|---|
| | | **Actual 2023 $'000** | Actual 2022 $'000 | **Actual 2023 $'000** | Actual 2022 $'000 |
| **Current debt liabilities** | | | | | |
| **Secured** | | | | | |
| Commercial paper | (ii) | **103,477** | 94,064 | **84,517** | 74,603 |
| Floating rate notes | (iii) | **50,000** | 30,000 | **50,000** | 30,000 |
| NZ Green Investment Finance | (vi) | **-** | - | **12,000** | 11,000 |
| **Total current debt liabilities** | | **153,477** | 124,064 | **146,517** | 115,603 |
| | | | | | |
| Fixed rate bond | (v) | **25,000** | 25,000 | **25,000** | 25,000 |
| Floating rate notes | (iii) | **597,000** | **489,000** | **597,000** | **489,000** |
| **Total non-current debt liabilities** | | **622,000** | 514,000 | **622,000** | 514,000 |
| | | | | | |
| **Total debt liabilities** | | **775,477** | 638,064 | **768,517** | 629,603 |

**Terms and conditions**

Greater Wellington provides security to lenders as required in the form of debenture stock which provides a charge over rates and rates income.

(i) As at 30 June 2023 Greater Wellington has $120 million (2022: $120 million) credit lines of which $120 million (2022: $120 million) is undrawn. Two credit lines are for $35 million (2022: $35 million) each with one maturing in May 2028 and the other one maturing in June 2027. These two facilities can be repaid or drawn down until expiry and have the ability to be extended annually at the discretion of the bank. A third facility is for $50 million (2022: $50 million) and has no maturity date with the provider having a 15 month notice period. All three facilities are subject to a charge over rates.

As at 30 June 2023 the Group had no bank overdraft balance (2022: $0).

(ii) Greater Wellington has issued five (2022: four) commercial paper as at 30 June 2023. Three mature within three months from balance date and two matures between 3 month and 1 year. Their weighted average interest rate is 5.77% (2022: 2.26%).

(iii) As at 30 June 2023 GWRC has issued 24 (2022: 20) Floating Rate Notes (FRN) as per the below table. The interest rates are ranging between 5.7675% and 6.5475% (2022: 2.1275% and 3.6175%) and are reset quarterly based on the 90 day bank bill rate plus a margin.

| Maturity | 2023 | 2022 |
|---|---|---|
| Apr 23 | - | 30,000,000 |
| Oct 23 | 25,000,000 | 25,000,000 |
| Jun 24 | 25,000,000 | 25,000,000 |
| Oct 24 | 46,000,000 | 46,000,000 |
| Apr 25 | 25,000,000 | 25,000,000 |
| Jun 25 | 25,000,000 | 25,000,000 |
| Nov 25 | 25,000,000 | 25,000,000 |
| Jun 26 | 25,000,000 | 25,000,000 |
| Apr 27 | 25,000,000 | 25,000,000 |
| Apr 28 | 25,000,000 | 25,000,000 |
| May 28 | 28,000,000 | - |
| Aug 28 | 30,000,000 | - |
| Oct 28 | 25,000,000 | 25,000,000 |
| Feb 29 | 40,000,000 | - |
| Apr 29 | 25,000,000 | 25,000,000 |
| Jul 29 | 13,000,000 | 13,000,000 |
| Oct 29 | 25,000,000 | 25,000,000 |
| Apr 30 | 25,000,000 | 25,000,000 |
| Nov 30 | 30,000,000 | - |
| May 31 | 25,000,000 | 25,000,000 |
| Aug 31 | 30,000,000 | - |
| Nov 31 | 30,000,000 | 30,000,000 |
| Apr 32 | 25,000,000 | 25,000,000 |
| Apr 33 | 25,000,000 | 25,000,000 |
| Apr 34 | 25,000,000 | 25,000,000 |
| | 647,000,000 | 519,000,000 |

(iv) WRC Holdings Limited has received a $44.0 million loan from Greater Wellington which matures on 15 October 2024 and is repriced quarterly. The loan has an interest rate of 6.0175%. (2022: 2.3775%)

(v) The $25.0 million fixed rate bond has a 4.31% coupon and is due for repayment in April 2031.

(vi) NZ Green Investment Finance

CentrePort entered has a $15.0m debt facility with New Zealand Green Investment Finance (NZGIF) to accelerate investment into low carbon projects.

The Group has drawn down $12.0m of this facility at balance date (2022: $11.0m). The interest rate is based on BKBM (bank bill bid settlement) rate plus a margin payable on funds drawn. A commitment fee is also payable on the facility limit. The facility was renewed on 7 June 2022 for a term of 13 months. The Lender has first ranking security over all current and future assets held by the Group.

## 24 Employee entitlements and provisions

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2023 $'000** | Actual 2022 $'000 | **Actual 2023 $'000** | Actual 2022 $'000 |
| **Current liability** | | | | |
| Employee benefits | **6,427** | 6,846 | **10,380** | 10,505 |
| Provision | **-** | 66 | **-** | 66 |
| | **6,427** | 6,912 | **10,380** | 10,571 |
| **Non-current portion** | | | | |
| Employee benefits | **164** | 139 | **287** | 302 |
| **Total employee benefit liabilities** | **6,591** | 7,051 | **10,667** | 10,873 |

The rate used for discounting the provision for future payments is 4.6% (2022: 3.6%).

Many public and private sector entities, including Greater Wellington Regional Council, are continuing to investigate historic underpayment of holiday entitlements. For such employers that have workforces that include differential occupational groups with complex entitlements, non standard hours, allowances and/or overtime, the process of assessing compliance with the Holidays Act (2003) (the Act) and determining the underpayment is time consuming and complicated. For the current year, Greater Wellington has a provision balance of $1.12m (2022: $1.31m) for the Holiday Act remediation payment.

| | **Annual leave $'000** | **Long service leave $'000** | **Earthquake repair works $'000** | **ESCT $'000** | **Total $'000** |
|---|---|---|---|---|---|
| **Council** | | | | | |
| **2023** | | | | | |
| Opening carrying value | 6,846 | 139 | 66 | - | 7,051 |
| Addition | (419) | 25 | (66) | - | (460) |
| **Carrying amount at end of year** | **6,427** | **164** | **-** | **-** | **6,591** |
| **Council** | | | | | |
| **2022** | | | | | |
| Opening carrying value | 8,177 | 160 | 96 | 100 | 8,533 |
| Amounts used | (1,331) | (21) | (30) | (100) | (1,482) |
| **Carrying amount at end of year** | **6,846** | **139** | **66** | **-** | **7,051** |

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## *25 Note to statement of cash flows*

**Reconciliation of surplus/ (deficit) after income tax to net cash flow from operating activities**

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2023 $'000** | Actual 2022 $'000 | **Actual 2023 $'000** | Actual 2022 $'000 |
| **Surplus/(deficit) after tax** | **(17,961)** | 35,113 | **(32,839)** | 10,798 |
| **Add/(less) non-cash items** | | | | |
| Depreciation and amortisation | **34,388** | 31,857 | **76,004** | 66,522 |
| Non cash assets | **-** | 7,051 | **-** | 7,051 |
| Impairment of property, plant and equipment | **36,720** | - | **36,720** | - |
| Net (loss) gain on sale of fixed assets | **303** | 657 | **1,546** | 569 |
| Impairment of Property, Plant and Equipment, Goodwill and Software | **-** | - | **-** | 21,000 |
| Gain on fair value of financial instruments | **(14,361)** | (64,561) | **(14,361)** | (64,561) |
| Interest accrued on investments | **(3,361)** | - | **(3,361)** | - |
| Equity accounted earnings from associate companies | **-** | - | **(1,107)** | (1,461) |
| Change in value of future tax benefit | **-** | - | **(5,775)** | (10,320) |
| Increase/decrease of emission units allocations | **(178)** | 368 | **(178)** | 368 |
| Decrease (Increase) in Value of Investment property | **-** | - | **1,509** | (4,842) |
| **Add/(less) movements in working capital** | | | | |
| Accounts receivable | **35,977** | (26,288) | **37,511** | (24,407) |
| Warm Wellington receivable | **(295)** | 2,595 | **(295)** | 2,595 |
| Inventory | **100** | (784) | **705** | (1,603) |
| Accounts payable | **(2,089)** | 22,127 | **(5,058)** | 19,402 |
| Employee provisions | **(460)** | (1,483) | **(205)** | (1,004) |
| Tax | **-** | - | **(3,873)** | (2,673) |
| **Add / (less) items classified as investing or financing** | | | | |
| Accounts payable related to fixed assets | **-** | - | **1,571** | (666) |
| Accounts receivable related to investment property | - | - | - | 58 |
| Prepayments related to property plant and equipment | - | - | - | 749 |
| **Net cash inflow/(outflow) from operating activities** | **68,783** | 6,652 | **88,514** | 17,575 |

**Reconciliation of liabilities arising from financing activities**

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2023 $'000** | Actual 2022 $'000 | **Actual 2023 $'000** | Actual 2022 $'000 |
| Loan Funding | **167,413** | 131,214 | **168,413** | 134,714 |
| Debt repayment | **(30,000)** | (25,000) | **(30,000)** | (25,000) |
| Dividends paid to non-controlling interests | **-** | - | **(1,385)** | (1,385) |
| | **137,413** | 106,214 | **137,028** | 108,329 |

| | Council | | | |
|---|---|---|---|---|
| **Cashflows from financing activities** | **Commercial paper $'000** | **LGFA Floating Rate Notes $'000** | **LGFA Bonds $'000** | **Total $'000** |
| **Opening balance 1 July 2022** | 94,064 | 519,000 | 25,000 | 638,064 |
| Additions | 405,481 | 158,000 | - | 563,481 |
| Repayments | (396,068) | (30,000) | - | (426,068) |
| **Closing balance 30 June 2023** | **103,477** | **647,000** | **25,000** | **775,477** |

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| | Group | | | | |
|---|---|---|---|---|---|
| **Cashflows from financing activities** | **Commercial paper $'000** | **LGFA Floating Rate Notes $'000** | **LGFA Bonds $'000** | **NZ Green Investment $'000** | **Total $'000** |
| **Opening balance 1 July 2022** | 74,603 | 519,000 | 25,000 | 11,000 | 629,603 |
| Additions | 386,521 | 158,000 | - | 1,000 | 545,521 |
| Repayments | (376,607) | (30,000) | - | - | (406,607) |
| **Closing balance 30 June 2023** | **84,517** | **647,000** | **25,000** | **12,000** | **768,517** |

## *26 Financial instruments*

Greater Wellington and Group have a series of policies to manage the financial risks associated with its operations. These risks include market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk, other price risk   off market equity price risk), credit risk, and liquidity risk.

Greater Wellington 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 Greater Wellington and 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.

Greater Wellington and 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.

As at 30 June 2023 Greater Wellington does not have any foreign exchange contracts (2022: Nil). In the Group there is no FX contract as per 30 June 2023 (2022: no contract).

**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.

Greater Wellington and Group are exposed to fair value interest rate risk on fixed interest rate debt and investments, and on financial instruments carried at fair values based on market interest rates.

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 as well as interest rate collars (options) to manage interest rate exposures for future periods. At 30 June 2023 Greater Wellington and the Group had entered into the following interest rate swap agreements:

| | Council | | Group | |
|---|---|---|---|---|
| **Movement in interest rate:** | **2023** **$'000** | 2022 $'000 | **2023** **$'000** | 2022 $'000 |
| Less than one year | **30,000** | 20,000 | **30,000** | 20,000 |
| One to two years | **55,000** | 20,000 | **55,000** | 20,000 |
| Two to five years | **205,000** | 190,000 | **205,000** | 190,000 |
| Greater than five years | **320,000** | 300,000 | **320,000** | 300,000 |
| Total fair value interest rate risk | **610,000** | 530,000 | **610,000** | 530,000 |

At 30 June 2023, the fixed interest rates of swaps of the Council and Group vary from 1.20% to 5.40% (2022: 1.20% to 5.40%).



**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.

Generally, Greater Wellington and the Group raises long term borrowings at floating rate and swaps this back into fixed rates using interest rate swaps to manage the cashflow interest rate risk. Under the interest rate swaps Greater Wellington and 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.

**Other price risk – off-market equity price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

Greater Wellington is exposed to off market equity price risk in the valuation of its non listed equity investments. The valuation is based on the net asset backing of the issuer companies and therefore subject to variation according to the operating results and capital structure of those entities.

**Sensitivity analysis**

The tables below illustrate the potential profit and (loss) impact for reasonably possible market movements, with all other variables held constant, based on Greater Wellington and the Group's financial instrument exposures at balance date.

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## Interest rate risk

| | Council +1% Surplus/ (deficit) $'000 | Council +1% Equity $'000 | Council -1% Surplus/ (deficit) $'000 | Council -1% Equity $'000 | Group +1% Surplus/ (deficit) $'000 | Group +1% Equity $'000 | Group -1% Surplus/ (deficit) $'000 | Group -1% Equity $'000 |
|---|---|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | | | |
| Cash at bank and term deposits | 172 | - | (172) | - | 1,319 | - | (1,319) | - |
| New Zealand Local Government Funding Agency Limited borrower notes | 137 | - | (137) | - | 137 | - | (137) | - |
| Bank deposits | 1,020 | - | (1,020) | - | 1,020 | - | (1,020) | - |
| Bulk water supply contingency fund | 473 | - | (473) | - | 473 | - | (473) | - |
| Material damage property insurance contingency fund | 120 | - | (120) | - | 120 | - | (120) | - |
| Major flood contingency fund | 81 | - | (81) | - | 81 | - | (81) | - |
| Loan to WRC Holdings Limited | 440 | - | (440) | - | - | - | - | - |
| Derivatives | 21,156 | - | (22,817) | - | 21,156 | - | (22,817) | - |
| **Financial liabilities** | | | | | | | | |
| NZ Green Investment Fund | - | - | - | - | (120) | - | 120 | - |
| Commercial paper | (1,035) | - | 1,035 | - | (845) | - | 845 | - |
| Floating rate notes | (6,470) | - | 6,470 | - | (6,470) | - | 6,470 | - |
| Derivatives | 1,456 | - | (1,517) | - | 1,456 | - | (1,517) | - |
| **Total sensitivity to interest rate risk** | 17,550 | - | (19,272) | - | 18,327 | - | (20,049) | - |

**30 June 2022**

## Interest rate risk

| | Council +1% Surplus/ (deficit) $'000 | Council +1% Equity $'000 | Council -1% Surplus/ (deficit) $'000 | Council -1% Equity $'000 | Group +1% Surplus/ (deficit) $'000 | Group +1% Equity $'000 | Group -1% Surplus/ (deficit) $'000 | Group -1% Equity $'000 |
|---|---|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | | | |
| Cash at bank and term deposits | 165 | - | (165) | - | 1,581 | - | (1,581) | - |
| New Zealand Local Government Funding Agency Limited borrower notes | 102 | - | (102) | - | 102 | - | (102) | - |
| Bank deposits with maturity terms more than 3 months | 540 | - | (540) | - | 540 | - | (540) | - |
| Bulk water supply contingency fund | 434 | - | (434) | - | 434 | - | (434) | - |
| Material damage property insurance contingency fund | 112 | - | (112) | - | 112 | - | (112) | - |
| Major flood contingency fund | 77 | - | (77) | - | 77 | - | (77) | - |
| Loan to WRC Holdings Limited | 440 | - | (440) | - | - | - | - | - |
| Derivatives | 15,097 | - | (16,777) | - | 15,097 | - | (16,777) | - |
| **Financial liabilities** | | | | | | | | |
| NZ Green Investment Ltd | - | - | - | - | (110) | - | 110 | - |
| Commercial paper | (941) | - | 941 | - | (746) | - | 746 | - |
| Floating rate notes | (5,190) | - | 5,190 | - | (5,190) | - | 5,190 | - |
| Derivatives | 6,764 | - | (7,183) | - | 6,764 | - | (7,183) | - |
| **Total sensitivity to interest rate risk** | 17,600 | - | (19,699) | - | 18,661 | - | (20,760) | - |

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### (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 that expose Greater Wellington and the Group to credit risk are principally bank balances, bonds and deposits, loans and advances to community and related entities, receivables, investments and derivatives. Greater Wellington also provides financial guarantees that expose it to credit risk.

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 initial Stadium advance from 1998 is reliant on the Stadium Trust repaying all its external debt prior to making repayments to the settling trustees. The repayment of the stadium advance is not expected to be realised. The December 2020 advance to the Wellington Regional Stadium Trust matures in December 2030 and is expected to be repaid.

**Concentration of credit risk**

Greater Wellington derives the majority of its income from rates, the regional water supply levy, train fares 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 Waka Katahi/New Zealand Transport Agency and the Te Manatu Waka/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.

| | **Council** | | **Group** | |
|---|---|---|---|---|
| | **2023 $'000** | 2022 $'000 | **2023 $'000** | 2022 $'000 |
| Cash at bank and term deposits | **120,135** | 70,517 | 234,765 | 212,141 |
| Trade and other receivables | **76,530** | 89,711 | 88,842 | 92,142 |
| New Zealand Local Government Funding Agency Limited borrower notes | **14,878** | 10,630 | 14,878 | 10,630 |
| Stadium advance | **2,028** | 2,100 | 2,028 | 2,100 |
| Derivative financial instrument assets | **28,239** | 18,811 | 28,239 | 18,811 |
| Bulk water supply contingency fund | **47,941** | 43,390 | 47,941 | 43,390 |
| Material damage property insurance contingency fund | **12,093** | 11,165 | 12,093 | 11,165 |
| Major flood contingency fund | **8,280** | 7,692 | 8,280 | 7,692 |
| Loan to WRC Holdings Limited | **44,544** | 44,000 | - | - |
| Loans and Advances to Joint Ventures | **-** | - | 9,934 | 7,670 |
| Total credit risk | **354,668** | 298,016 | **447,000** | 405,741 |

Greater Wellington is exposed to credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is explained in Note 27.

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**Credit quality of financial assets**

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

| Counterparties with credit ratings | Council **2023** **$'000** | Council 2022 $'000 | Group **2023** **$'000** | Group 2022 $'000 |
|---|---|---|---|---|
| **New Zealand Local Government Funding Agency Limited borrower notes** | | | | |
| AAA | 14,878 | 10,630 | 14,878 | 10,630 |
| **Total LGFA borrower notes** | 14,878 | 10,630 | 14,878 | 10,630 |
| **Cash at bank and term deposits** | | | | |
| AA- | 145,274 | 71,402 | 252,898 | 185,022 |
| Moody's A1 = A+ S&P | 20,466 | 40,080 | 20,466 | 40,080 |
| A | 22,708 | 21,282 | 29,708 | 49,282 |
| **Total cash at bank and term deposits** | 188,448 | 132,764 | 303,072 | 274,384 |
| **Derivative financial instruments** | | | | |
| AA- | 21,813 | 14,319 | 21,813 | 14,319 |
| Moody's A1 = A+ S&P | 6,426 | 4,492 | 6,426 | 4,492 |
| **Total derivative financial instruments** | 28,239 | 18,811 | 28,239 | 18,811 |

**(c) Liquidity risk**

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

**Contractual maturity analysis of financial liabilities**

The table below analyses Greater Wellington and the Group's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

Future interest payments on floating rate debt are based on the floating rate applicable to the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

| | Less than 1 year | 1-2 years | 2-5 years | More than 5 years | Contractual cashflows | Carrying amount |
|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Council 2023** | | | | | | |
| **Financial liabilities** | | | | | | |
| Payables | 118,257 | - | - | - | 118,257 | 118,257 |
| Commercial paper | 106,000 | - | - | - | 106,000 | 103,477 |
| Derivatives | (7,298) | (5,846) | (8,500) | (11,472) | (33,116) | (27,743) |
| Floating rate notes | 88,019 | 129,634 | 208,775 | 420,876 | 847,304 | 647,000 |
| Fixed rate bonds | 1,078 | 1,078 | 3,233 | 28,008 | 33,397 | 25,000 |
| Service concession liability | - | - | - | - | - | 22,861 |
| **Total financial liabilities** | 306,056 | 124,866 | 203,508 | 437,412 | 1,071,842 | 888,852 |
| **Council 2022** | | | | | | |
| **Financial liabilities** | | | | | | |
| Payables | 65,882 | - | - | - | 65,882 | 65,882 |
| Commercial paper | 95,000 | - | - | - | 95,000 | 94,064 |
| Derivatives | 1,871 | (1,517) | (5,551) | (12,400) | (17,597) | (13,264) |
| Floating rate notes | 43,703 | 62,667 | 197,843 | 291,946 | 596,159 | 519,000 |
| Fixed rate bonds | 1,078 | 1,078 | 3,233 | 29,086 | 34,475 | 25,000 |
| Service concession liability | - | - | - | - | - | 24,615 |
| **Total financial liabilities** | 207,534 | 62,228 | 195,525 | 308,632 | 773,919 | 715,297 |
| **Group 2023** | | | | | | |
| **Financial liabilities** | | | | | | |
| Payables | 125,939 | - | - | - | 125,939 | 125,939 |
| Commercial paper | 86,000 | - | - | - | 86,000 | 84,517 |
| Derivatives | (7,298) | (5,846) | (8,500) | (11,472) | (33,116) | (27,743) |
| Floating rate notes | 88,019 | 129,634 | 208,775 | 420,876 | 847,304 | 647,000 |
| Fixed rate bonds | 1,078 | 1,078 | 3,233 | 28,008 | 33,397 | 25,000 |
| Service concession liability | - | - | - | - | - | 22,861 |
| NZ Green Investment Finance | 12,006 | - | - | - | 12,006 | 12,000 |
| **Total financial liabilities** | 305,744 | 124,866 | 203,508 | 437,412 | 1,071,530 | 889,574 |
| **Group 2022** | | | | | | |
| **Financial liabilities** | | | | | | |
| Payables | 95,960 | - | - | - | 95,960 | 95,960 |
| Commercial paper | 95,000 | - | - | - | 95,000 | 94,064 |
| Derivatives | 1,871 | (1,517) | (5,551) | (12,400) | (17,597) | (13,264) |
| Floating rate notes | 43,703 | 62,667 | 197,843 | 291,946 | 596,159 | 519,000 |
| Fixed Rate Bond | 1,078 | 1,078 | 3,233 | 29,086 | 34,475 | 25,000 |
| Service concession liability | - | - | - | - | - | 24,615 |
| NZ Green Investment Finance | 11,443 | - | - | - | 11,443 | 11,000 |
| **Total financial liabilities** | 249,055 | 62,228 | 195,525 | 308,632 | 815,440 | 756,375 |

## Financial guarantees

Greater Wellington is exposed to liquidity risk as a guarantor of all of the LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in Note 27 Contingencies.

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### (d) Fair value

For those financial instruments recognised at amortised cost in the statement of financial position, fair value is approximately their carrying value

**Fair value hierarchy**

For those instruments recognised at fair value in the balance sheets, 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.

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 Level 3 $'000 | Observable inputs Level 2 $'000 | Quoted market price Level 1 $'000 | Total $'000 |
|---|---|---|---|---|
| **30 June 2023** | | | | |
| **Financial assets at fair value** | | | | |
| New Zealand Local Government Funding Agency Limited borrower notes | - | 14,878 | - | 14,878 |
| Civic Financial Services Limited shares | 80 | - | - | 80 |
| New Zealand Local Government Funding Agency Limited shares | 7,804 | - | - | 7,804 |
| Derivative financial assets | - | 28,239 | - | 28,239 |
| **Total asset at fair value** | 7,884 | 43,117 | - | 51,001 |
| **Financial liabilities at fair value** | | | | |
| Derivative financial liabilities | - | 496 | - | 496 |
| **Total liabilities at fair value** | - | 496 | - | 496 |
| **30 June 2022** | | | | |
| **Financial assets at fair value** | | | | |
| New Zealand Local Government Funding Agency Limited borrower notes | - | 10,630 | - | 10,630 |
| Civic Financial Services Limited shares | 80 | - | - | 80 |
| New Zealand Local Government Funding Agency Limited shares | 7,804 | - | - | 7,804 |
| Derivative financial assets | - | 18,811 | - | 18,811 |
| **Total assets at fair value** | 7,884 | 29,441 | - | 37,325 |

| | | | | |
|---|---|---|---|---|
| **Financial liabilities at fair value** | | | | |
| Derivative financial liabilities | - | 5,547 | - | 5,547 |
| **Total liabilities at fair value** | - | 5,547 | - | 5,547 |

**Group**

| | | | | |
|---|---|---|---|---|
| **30 June 2023** | | | | |
| **Financial assets at fair value** | | | | |
| New Zealand Local Government Funding Agency Limited borrower notes | - | 14,878 | - | 14,878 |
| Civic Financial Services Limited shares | 80 | - | - | 80 |
| New Zealand Local Government Funding Agency Limited shares | 7,804 | - | - | 7,804 |
| Derivative financial assets | - | 28,239 | - | 28,239 |
| **Total financial assets at fair value** | 7,884 | 43,117 | - | 51,001 |
| **Financial liabilities at fair value** | | | | |
| Derivative financial liabilities | - | 496 | - | 496 |
| **Total liabilities at fair value** | - | 496 | - | 496 |
| **30 June 2022** | | | | |
| **Financial assets at fair value** | | | | |
| New Zealand Local Government Funding Agency Limited borrower notes | - | 10,630 | - | 10,630 |
| Civic Financial Services Limited shares | 80 | - | - | 80 |
| New Zealand Local Government Funding Agency Limited shares | 7,804 | - | - | 7,804 |
| Loans and Advances to Joint Venture | - | - | - | - |
| Derivative financial assets | - | 18,811 | - | 18,811 |
| **Total financial assets at fair value** | 7,884 | 29,441 | - | 37,325 |
| **Financial liabilities at fair value** | | | | |
| Derivative financial liabilities | - | 5,547 | - | 5,547 |
| **Total liabilities at fair value** | - | 5,547 | - | 5,547 |

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

## (e) Financial instrument categories

Financial instruments are classified into one of the following measurement categories depending on the nature and characteristics of the financial instrument and the purpose for which it is held:

- Financial assets and liabilities measured at fair value through surplus or deficit (FVTSD);
- Financial assets and liabilities measured at amortised cost;
- Financial assets and liabilities measured at fair value through other comprehensive revenue and expense (FVTOCRE).

In 2022, financial assets in the category for Measured at amortised cost were in two separate amortised cost categories Loans and receivables, and Held to maturity investments.

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| Financial assets | Mandatorily measured at FVTSD | Measured at amortised cost | Designated measured at FVTOCRE | Total |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| **Council** | | | | |
| **30 June 2023** | | | | |
| Cash and cash equivalents | - | 17,243 | - | 17,243 |
| Receivables and pre-payments | - | 76,530 | - | 76,530 |
| NZ Local Government Funding Agency shares | - | - | 7,804 | 7,804 |
| Civic Financial Services Limited shares | - | - | 80 | 80 |
| NZ Local Government Funding Agency borrower notes | 14,878 | - | - | 14,878 |
| Warm Wellington Funding | - | 3,811 | - | 3,811 |
| Bank Deposits with maturity terms more than 3 months | - | 102,892 | - | 102,892 |
| Stadium advance | - | 2,028 | - | 2,028 |
| Bulk Water Supply Contingency Fund | - | 47,941 | - | 47,941 |
| Material Damage Property Insurance Contingency Fund | - | 12,093 | - | 12,093 |
| Major Flood Contingency Fund | - | 8,280 | - | 8,280 |
| Derivative financial assets | 28,239 | - | - | 28,239 |
| Loan to WRC Holdings Limited | - | 44,544 | - | 44,544 |
| **Total financial assets** | 43,117 | 315,362 | 7,884 | 366,363 |
| **30 June 2022** | | | | |
| Cash and cash equivalents | - | 16,517 | - | 16,517 |
| Receivables and pre-payments | - | 38,452 | - | 38,452 |
| NZ Local Government Funding Agency shares | - | - | 7,804 | 7,804 |
| Civic Financial Services Limited shares | - | - | 80 | 80 |
| NZ Local Government Funding Agency borrower notes | 10,630 | - | - | 10,630 |
| Warm Wellington Funding | - | 3,516 | - | 3,516 |
| Bank Deposits with maturity terms more than 3 months | - | 54,000 | - | 54,000 |
| Stadium advance | - | 2,100 | - | 2,100 |
| Bulk Water Supply Contingency Fund | - | 43,390 | - | 43,390 |
| Material Damage Property Insurance Contingency Fund | - | 11,165 | - | 11,165 |
| Major Flood Contingency Fund | - | 7,692 | - | 7,692 |
| Derivative financial assets | 18,811 | - | - | 18,811 |
| Loan to WRC Holdings Limited | - | 44,000 | - | 44,000 |
| **Total financial assets** | 29,441 | 220,832 | 7,884 | 258,157 |
| **Group** | | | | |
| **30 June 2023** | | | | |
| Cash and cash equivalents | - | 131,873 | - | 131,873 |
| Receivables and pre-payments | - | 88,842 | - | 88,842 |
| NZ Local Government Funding Agency shares | - | - | 7,804 | 7,804 |
| Civic Financial Services Limited shares | - | - | 80 | 80 |
| NZ Local Government Funding Agency borrower notes | 14,878 | - | - | 14,878 |
| Warm Wellington Funding | - | 3,811 | - | 3,811 |
| Bank Deposits with maturity terms more than 3 months | - | 102,892 | - | 102,892 |
| Stadium advance | - | 2,028 | - | 2,028 |
| Bulk Water Supply Contingency Fund | - | 47,941 | - | 47,941 |
| Material Damage Property Insurance Contingency Fund | - | 12,093 | - | 12,093 |
| Major Flood Contingency Fund | - | 8,280 | - | 8,280 |
| Loans and Advances to Joint Venture | - | - | - | - |
| Derivative financial assets | 28,239 | - | - | 28,239 |
| **Total financial assets** | 43,117 | 397,760 | 7,884 | 448,761 |

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**30 June 2022**

| | | | | |
|---|---|---|---|---|
| Cash and cash equivalent | - | 158,141 | - | 158,141 |
| Receivables and prepayments | - | 92,142 | - | 92,142 |
| NZ Local Government Funding Agency shares | - | - | 7,804 | 7,804 |
| Civic Financial Services Limited shares | - | - | 80 | 80 |
| NZ Local Government Funding Agency borrowers notes | 10,630 | - | - | 10,630 |
| Warm Wellington Funding | - | 3,516 | - | 3,516 |
| Bank Deposits with maturity terms more than 3 months | - | 54,000 | - | 54,000 |
| Stadium advance | - | 2,100 | - | 2,100 |
| Water Supply Contingency Investment | - | 43,390 | - | 43,390 |
| Material Damage Property Insurance Contingency Fund | - | 11,165 | - | 11,165 |
| Major Flood Contingency Fund | - | 7,692 | - | 7,692 |
| Loans and Advances to Joint Ventures | - | 7,670 | - | 7,670 |
| Derivative financial assets | 18,811 | - | - | 18,811 |
| **Total financial assets** | 29,441 | 379,816 | 7,884 | 417,141 |

| Financial Liabilities | Mandatorily measured at FVTSD $'000 | Measured at amortised cost $'000 | Total $'000 |
|---|---|---|---|
| **Council** | | | |
| **30 June 2023** | | | |
| Payables | - | 118,257 | 118,257 |
| Commercial paper | - | 103,477 | 103,477 |
| Floating rate notes | - | 647,000 | 647,000 |
| Fixed rate bond | - | 25,000 | 25,000 |
| Derivative financial liabilities | 496 | - | 496 |
| Service concession liability | - | 22,861 | 22,861 |
| **Total financial liabilities** | 496 | 916,595 | 917,091 |
| **30 June 2022** | | | |
| Payables | - | 87,163 | 87,163 |
| Commercial paper | - | 94,064 | 94,064 |
| Floating rate notes | - | 519,000 | 519,000 |
| Fixed rate bond | - | 25,000 | 25,000 |
| Derivative financial liabilities | 5,547 | - | 5,547 |
| Service concession liability | - | 24,615 | 24,615 |
| **Total financial liabilities** | 5,547 | 749,842 | 755,389 |
| **Group** | | | |
| **30 June 2023** | | | |
| Payables | - | 126,483 | 126,483 |
| Commercial paper | - | 84,517 | 84,517 |
| Floating rate notes | - | 647,000 | 647,000 |
| Fixed rate bond | - | 25,000 | 25,000 |
| NZ Green Investment Finance | - | 12,000 | 12,000 |
| Derivative financial liabilities | 496 | - | 496 |
| Service concession liability | - | 22,861 | 22,861 |
| **Total financial liabilities** | 496 | 917,861 | 918,357 |

**30 June 2022**

| | | | |
|---|---|---|---|
| Payables | - | 95,960 | 95,960 |
| Commercial paper | - | 74,603 | 74,603 |
| Floating rate notes | - | 519,000 | 519,000 |
| Fixed rate bond | - | 25,000 | 25,000 |
| NZ Green Investment Finance | - | 11,000 | 11,000 |
| Derivative financial liabilities | 5,547 | - | 5,547 |
| Service concession liability | - | 24,615 | 24,615 |
| **Total financial liabilities** | 5,547 | 750,178 | 755,725 |

### (f) Adoption of PBE IPSAS 41

GWRC and Group are required to adopt PBE IPSAS 41 with effect from 1 July 2022.

In accordance with the transitional provisions in PBE IPSASGWRC and Group have elected not to restate the comparative information. The comparative information continues to be reported under PBE IPSAS 29. Adjustments arising from the adoption of PBE IPSAS 41 are recognised in opening equity at 1 July 2022 (the date of initial application).

The accounting policies for the year ended 30 June 2022 have been updated to comply with PBE IPSAS 41. The main changes to GWRC and the Group's accounting policies are:

- **Note 11 Trade and other receivables** This policy has been updated to reflect that the impairment of short term receivables is now determined by applying the simplified expected credit loss model.
- **Note 13 Other financial assets** This policy has been updated to reflect:
  - the new measurement classification categories
  - the measurement and recognition of loss allowances based on the new expected credit loss (ECL) model; and
  - the removal of impairment loss considerations for equity instruments measured at Fair Value through Other Comprehensive Revenue and Expense (FVOCRE).

The measurement of derivative financial instruments remains unchanged as GWRC has not elected to apply the hedging requirements of PBE IPSAS 41.

PBE IPSAS 41 also significantly amended the financial instruments disclosures of PBE IPSAS 30. This has resulted in new or amended disclosures, mostly in relation to the financial instrument categories and to credit risk.

On the date of initial application of PBE IPSAS 41, the classification and carrying amounts of financial assets under PBE IPSAS 41 and PBE IPSAS 29 is outlined in the tables below.

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| | Measurement classification PBE IPSAS 29 | PBE IPSAS 41 | 30 June 2022 PBE IPSAS 29 $'000 | 1 July 2022 PBE IPSAS 41 $'000 | Adoption adjustment $'000 |
|---|---|---|---|---|---|
| **Council** | | | | | |
| **Financial assets** | | | | | |
| Cash and cash equivalents | Loans and receivables | Amortised cost | 16,517 | 16,517 | - |
| Trade receivables | Loans and receivables | Amortised cost | 11,883 | 13,020 | 1,137 |
| Derivatives | FVTSD | FVTSD | 18,811 | 18,811 | - |
| | | | - | - | - |
| *Other financial assets* | | | | | |
| Unlisted equity investments | FVTOCRE | FVTOCRE | 7,884 | 7,884 | - |
| LGFA borrower notes | Held to maturity | FVTSD | 10,630 | 10,451 | (179) |
| Loans/advances | Held to maturity/ Loans and receivables | Amortised cost | 49,616 | 49,529 | (87) |
| Bank Deposits with maturity terms more than 3 months | Held to maturity | Amortised cost | 54,000 | 54,000 | - |
| Contingency Funds | Held to maturity | Amortised cost | 62,247 | 62,247 | - |
| **Group** | | | | | |
| **Financial assets** | | | | | |
| Cash and cash equivalents | Loans and receivables | Amortised cost | 158,141 | 158,141 | - |
| Trade receivables | Loans and receivables | Amortised cost | 20,417 | 21,554 | 1,137 |
| Derivatives | FVTSD | FVTSD | 18,811 | 18,811 | - |
| | | | - | - | - |
| *Other financial assets* | | | | | |
| Unlisted equity investments | FVTOCRE | FVTOCRE | 7,884 | 7,884 | - |
| LGFA borrower notes | Held to maturity | FVTSD | 10,630 | 10,451 | (179) |
| Loans/advances | Held to maturity/ Loans and receivables | Amortised cost | 13,286 | 12,893 | (393) |
| Bank Deposits with maturity terms more than 3 months | Held to maturity | Amortised cost | 54,000 | 54,000 | - |
| Contingency Funds | Held to maturity | | 62,247 | 62,247 | - |

The measurement categories and carrying amounts for financial liabilities have not changed on transition to PBE IPSAS 41.

**Additional information in relation to subsequent measurement classification assessment**

PBE IPSAS 41 requires debt instruments to be subsequently measured at FVTSD, amortised cost, or FVTOCRE. This classification is based on the business model for managing the debt instruments, and whether the payments are for solely payments of principal or interest on the principal amount outstanding.

GWRC assessed the business model for its classes of financial assets at the date of initial application. Debt instruments are held to collect the contractual cash flows in accordance with GWRC's Treasury Management Policy to meet capital requirements.

GWRC's debt instruments (other than borrower notes) are comprised of contractual cash flows solely for payments of principal and interest, in line with basic lending arrangements. This assessment was based on the facts and circumstances as at the initial recognition of the assets.

LGFA borrower notes that were previously measured at amortised cost are now measured at FVTSD as the notes contain an option for LGFA to convert them to redeemable shares in certain limited circumstances. This conversion option differs from the terms of a basic lending arrangement so the notes are required to be measured at FVTSD.

PBE IPSAS 41 requires equity instruments to be classified at FVTSD. However, it permits entities to make an irrevocable election on transition to PBE IPSAS 41 to subsequently measure at FVTOCRE if the instruments are not held for trading. GWRC has elected to subsequently measure all equity investments at FVTOCRE.

Financial instrument categories. The tables at Note 26 e) provide comparisons of carrying amounts of the Group's financial assets and liabilities in each of the financial instrument categories.

## *27 Contingencies*

| | **Council** | | **Group** | |
|---|---|---|---|---|
| | **Actual 2023 $'000** | Actual 2022 $'000 | **Actual 2023 $'000** | Actual 2022 $'000 |
| Legal proceedings and obligations | **1,255** | - | **1,255** | - |
| **Uncalled capital - WRC Holdings Limited** | | | | |
| 50,000,000 $1 shares uncalled and unpaid | **50,000** | 50,000 | **-** | - |
| 17,300,000 $1 shares called and paid | **-** | 3,226 | **-** | - |
| 3,000,000 $1 shares, called and partly paid | **826** | - | **-** | - |
| **New Zealand Local Government Funding Agency Limited** | | | | |
| 1,866,000 $1 shares uncalled and unpaid | **1,886** | 1,886 | **-** | - |
| **Total contingencies liability** | **53,967** | 55,112 | **1,255** | - |

### Legal proceedings and obligations

Legal proceedings and obligations against the group and the council exist as a result of past events which are currently being contested. The amounts shown reflect potential liability for financial reporting purposes only and do not represent an admission that any claim is valid. The outcome of these remains uncertain at the end of the reporting period. The maximum exposure to the Group is anticipated to be less than $1.255 million.

### Contingent assets

### CentrePort contingent assets

Following a shipping incident during the year CentrePort has made a claim for salvage services in respect of the assistance rendered by the CentrePort tugs Tapuhi and Tiaki and the pilot launch Te Haa. CentrePort's salvage claim is guided by the Maritime Transport Act 1994, the International Convention on Salvage and relevant salvage awards published by Lloyds. CentrePort is working with the ship owner to agree an appropriate salvage reward (2022: nil).

**Contingent liabilities**

**New Zealand Local Government Funding Agency**

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. Total security stock certificates on issue are $18.570 billion (2022: $16.770 billion).

**Unquantifiable contingent liabilities**

Potential civil claim against the Council in relation to a legal dispute which is currently under investigation. Since the amount cannot be quantified an unquantified contingent liability has been disclosed.

Potential claim against the Council relating to incorrect application of the general rate differential within Wellington City resulting in an under payment of rates by business ratepayers and an over payment of rates by residential and rural ratepayers for a period of four years. The Council considered four options to resolve the issue being, validation of the collection of rates for the period through legislation, taking no retrospective remedial action, providing a refund to residential and rural ratepayers, and providing a credit to affected rateable dwellings. Council decided to take no remedial action, including no provision for refunds, but will seek to identify a Wellington City Member of Parliament who would be willing to sponsor a local bill. Dependant on the results of these investigations, Council will be at risk of an unquantifiable level of potential rebate or refund claims by affected rate payers to the earlier of June 2029 or the passing of the local bill. As the amount cannot be quantified, an unquantified contingent liability has been disclosed accordingly.

**CentrePort contingent liabilities**

CentrePort Limited and CentrePort Properties Limited were added as defendants on 27 April 2021 to proceedings commenced by Statistics New Zealand against Beca Limited and Dunning Thornton Consultants Limited. The proceedings concern Statistics House which sustained damage and was subsequently demolished following the Kaikoura earthquake in November 2016. The claim against CentrePort Limited has subsequently been discontinued but a claim remains against CentrePort Properties Limited. CentrePort continues to defend these proceedings. The plaintiff's claim against the three parties involved is for $17.3m. CentrePort has denied any liability. The proceeding is unresolved at 30 June 2023 and a four week trial is scheduled for November 2023.

At 30 June 2022, there was a contingent liability for a former contractor who had instigated a second set of proceedings against CentrePort for the alleged unlawful suspension, and then termination, of their contract in relation to a health and safety incident that occurred on the 2nd of October 2019. During the year ended 30 June 2023, CentrePort has successfully contested this claim and it is therefore no longer a Contingent Liability.

**Attachment 1 to Report 23.533**

Greater Wellington
Te Pane Matua Taiao

## *28 Related party transactions*

Related party disclosures have not been made for transaction with related parties that are with a normal supplier or client/recipient relationship on terms and condition no more favourable than those that it is reasonable to expect Greater Wellington and the Group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Greater Wellington Group, where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such transactions.

**Related party transactions required to be disclosed**

Greater Wellington has paid Wellington NZ total grants of $4.7m during the year (2022: $5.0m). This grant partly funds Wellington NZ activities, of supporting the development of economic development strategies and initiatives for Wellington. Greater Wellington has collected these funds for the grant via the targeted WREDA rate from all ratepayers.

During the year Greater Wellington issued commercial paper of $19.0m (2022:$19.5 m) to its subsidiary CentrePort Limited through private placement transaction. All terms and conditions were consistent with those prevailing in the market at the time.

Greater Wellington Rail Limited (GWRL) owed $429,000 to Wellington Regional Council (2022: Wellington Regional Council owed $561,000 to GWRL). The net interest paid to Wellington Regional Council during the year is $446,723 (2022: $88,991).

GWRL pays a management fee of $55,736 (2022: $55,736) to Wellington Regional Council for administrative and management services, meeting expenses and travel reimbursement.

WRC Holding Group advanced $6,232 million to Wellington Regional Council (2022: $6,833 million).

**Key management personnel**

| | **Parent Actual 2023 $'000** | Parent Actual 2022 $'000 |
|---|---|---|
| ***Council*** | | |
| Remuneration | **1,261** | 1,147 |
| Full-time equivalent members | **13** | 13 |
| ***Executive Leadership Team including the Chief Executive*** | | |
| Remuneration | **2,831** | 2,871 |
| Full-time equivalent members | **10** | 12 |
| **Total key management personnel remuneration** | **4,092** | **4,018** |
| **Total full-time equivalent personnel** | **23** | **25** |

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

Attachment 1 to Report 23.533

## 29 Remuneration

### Chief Executive remuneration

For the year ending 30 June 2023, Greater Wellington's Chief Executive, appointed under section 42(1) of the Local Government Act 2002, received a total remuneration from Greater Wellington of $433,493 (2022: $476,094).

| Councillor remuneration | Actual 2023 $ | Actual 2022 $ |
|---|---|---|
| Councillor R Blakeley (until 21 October 2022) | 24,806 | 83,714 |
| Councillor J Brash (until 21 October 2022) | 24,806 | 84,106 |
| Councillor P Lamason (until 21 October 2022) | 24,806 | 87,202 |
| Councillor G Hughes (until 21 October 2022) | 24,806 | 83,683 |
| Councillor J van Lier (until 21 October 2022) | 20,022 | 69,350 |
| Councillor A Staples | 94,833 | 104,382 |
| Councillor P Gaylor | 85,696 | 90,924 |
| Councillor K Laban | 78,845 | 67,543 |
| Councillor and Chair D Ponter | 170,067 | 170,855 |
| Councillor C Kirk-Burnnand | 75,015 | 70,043 |
| Councillor D Lee | 82,723 | 80,628 |
| Councillor R Connelly | 78,845 | 67,543 |
| Councillor T Nash | 85,696 | 86,874 |
| Councillor H Ropata | 59,073 | - |
| Councillor D Bassett | 50,555 | - |
| Councillor S Woolf | 50,555 | - |
| Councillor Y Saw | 50,555 | - |
| Councillor Q Duthie | 48,486 | - |
| **Total Councillors remuneration** | 1,130,188 | 1,146,847 |

The following table identifies the number of full-time employees, including employees on maternity leave and their fixed term replacements, and the full time equivalent number of all other part time, fixed term and casual employees as at the end of the reporting period, 30 June 2023.

| | Number of employees 2023 | 2022 |
|---|---|---|
| $60,000 and below | 15 | 47 |
| $60,001 - $79,999 | 142 | 183 |
| $80,000 - $99,999 | 193 | 170 |
| $100,000 - $119,999 | 121 | 109 |
| $120,000 - $139,999 | 86 | 73 |
| $140,000 - $159,999 | 37 | 23 |
| $160,000 - $179,999 | 31 | 26 |
| $180,000 - $199,999 | 24 | 13 |
| $200,000 - $239,999 | 14 | 10 |
| $240,000 - $440,000 | 15 | 8 |
| Total employees | 678 | 662 |
| The number of full time employees as at 30 June | 606 | 600 |
| The full time equivalent number of all other non-full time employees | 51 | 46 |
| The number of employees receiving total remuneration of less than $60,000 | 15 | 47 |

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.

If the number of employees for any band was 5 or less then it has been combined with the next highest band. Including the Chief Executive, the top band range is $240,000 – $440,000.

## *30 Capital commitments and operating leases*

**Capital commitments**

Capital commitments relate to obligations which the group and the council have committed to. This specifically relates to work that is yet to commence and the expenditure that is yet to be incurred. The group's and the council's capital commitments are as follows:

| | **Council** | | **Group** | |
|---|---|---|---|---|
| | **Actual 2023 $'000** | Actual 2022 $'000 | **Actual 2023 $'000** | Actual 2022 $'000 |
| Property, plant and equipment | **-** | 987 | **322** | 16,787 |
| Water infrastructure | **58,348** | - | **58,348** | - |
| Flood protection | **3,978** | - | **3,978** | - |
| Transport infrastructure | **-** | - | **48,207** | 52,379 |
| **Total capital commitments** | **62,326** | 987 | **110,855** | 69,166 |

WRC Holdings Limited has no capital or operating commitments as at 30 June 2023 (2022: Nil).

At balance date CentrePort had entered into commitments for the acquisition of property, plant, and equipment amounting to $332k for the Group (2022: $15.8m).

Greater Wellington Rail at balance date had commitments in respect of contracts for capital expenditure of $48.2 million (2022: $52.4 million). This relates to the heavy maintenance the rolling stock.

**Operating leases as lessee**

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

| | **Council** | | **Group** | |
|---|---|---|---|---|
| | **Actual 2023 $'000** | Actual 2022 $'000 | **Actual 2023 $'000** | Actual 2022 $'000 |
| Within one year | **21,543** | 18,258 | **21,877** | 18,599 |
| After one year but no more than five years | **67,434** | 75,535 | **68,602** | 76,765 |
| More than five years | **100,533** | 55,951 | **103,243** | 58,496 |
| **Total non-cancellable operating leases** | **189,510** | 149,744 | **193,722** | 153,860 |

These leases have an average life of between 1 and 13 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 $5.052 million was recognised as an expense in the statement of comprehensive income (2022: $5.052 million).

**Operating leases as lessor**

Greater Wellington and the Group leases its investment properties under operating leases. The lease terms have non-cancellable terms from one to four years. The future aggregated minimum lease receipts to be collected under non-cancellable operating leases are as follows:

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2023 $'000** | Actual 2022 $'000 | **Actual 2023 $'000** | Actual 2022 $'000 |
| Within one year | **3,255** | 3,280 | **24,102** | 21,847 |
| After one year but no more than five years | **8,802** | 8,727 | **62,059** | 71,165 |
| More than five years | **164,318** | 167,106 | **319,617** | 194,025 |
| Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases not recognised in the financial statements | **176,375** | 179,113 | **405,778** | 287,037 |

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

**Electric vehicle commitments**

Greater Wellington agreed to a series of greenhouse gas (carbon) reduction targets for its corporate operations and areas of direct influence. As a result, Greater Wellington has endorsed an action plan which puts forward a preference to accelerate the implementation of an electric bus fleet in the region by 2030.

In 2019 council had resolved to add 98 electric buses to the fleet of 10 electric buses in the Metlink fleet and entered into contracts with operators for the supply of these. 88 (2022: 62) of 98 new electric buses have been added into the fleet by financial year 2023 plus an additional 1 has been converted from the diesel fleet to electric. However the amounts payable are still commercially sensitive and have not been disclosed.

## 31 Severance payments

There were no employees (2022: two) who received a severance payment (2022: $62,255). This disclosure has been made in accordance with section 33 of Schedule 10 of the Local Government Act 2002.

## 32 Rating base information

| | **Total 2023** | Total 2022 |
|---|---|---|
| (a) the number of rating units within the district or region of the local authority at the end of the preceding financial year: | **210,045** | 206,440 |
| (b) the total capital value of rating units within the district or region of the local authority at the end of the preceding financial year: | **$217.342bn** | $167.211bn |
| (c) the total land value of rating units within the district or region of the local authority at the end of the preceding financial year. | **128.6bn** | 87.1bn |

**Attachment 1 to Report 23.533**

## *33 Major variances between actual and budget*

| Statement of comprehensive revenue and expenses | Council Actual 2023 $'000 | Council Budget 2023 $'000 |
|---|---|---|
| Revenue | | |
| Rates and levies | **222,068** | 222,281 |
| Grants and subsidies | **204,048** | 112,784 |
| Other revenue | **84,990** | 137,202 |
| Total operational revenue | **511,106** | 472,267 |
| **Expenditure** | | |
| Finance costs | **(35,832)** | (22,768) |
| Employee benefits | **(75,145)** | (75,421) |
| Grants and subsidies | **(245,498)** | (242,387) |
| Other operating expenses including depreciation | **(168,071)** | (168,568) |
| **Operational surplus/(deficit) for the year before transport improvements** | **(13,440)** | (36,877) |
| Grants and subsidies | **17,838** | 29,346 |
| **Net revenue/(expenditure) for transport improvements** | **17,838** | 29,346 |
| **Surplus/(deficit) for the year before tax and fair value gains / losses** | **4,398** | (7,531) |
| Fair value gains/(losses) in revenue and expenditure statement | **(22,359)** | 11,037 |
| **Operating surplus /(deficit) for the year** | **(17,961)** | 3,506 |

| **Balance sheet** | | |
|---|---|---|
| **Assets** | | |
| - Current | **279,613** | 171,483 |
| - Non-current | **1,882,446** | 1,973,815 |
| **Total assets** | **2,162,059** | 2,145,298 |
| | | |
| **Liabilities** | | |
| - Ratepayers equity | **1,238,377** | 1,257,876 |
| - Current liabilities | **278,161** | 219,973 |
| - Non-current liabilities | **645,521** | 667,449 |
| **Total equity and liabilities** | **2,162,059** | 2,145,298 |

| **Statement of cash flow** | | |
|---|---|---|
| Cashflows from operating activities | **68,783** | 32,297 |
| Cashflows from investing activities | **(205,470)** | (185,859) |
| Cashflows from financing activities | **137,413** | 153,962 |
| **Net increase / (decrease) in cash, cash equivalents and bank overdraft** | **726** | 11,843 |
| Cash and cash equivalents at the beginning of the year | **16,517** | 19,971 |
| **Cash and cash equivalents at the end of the year** | **17,243** | 20,371 |

Greater Wellington's 2022/23 net operating deficit before fair value gains and losses is $13.4 million, compared to a budgeted deficit of $36.9 million. Total comprehensive deficit is $18.0 million including asset revaluation ($ nil), fair value movements (-$22.4 million) which is $33.4 million under budget.

**Statement of comprehensive revenue and expenses**

• Grants and subsidies revenue

Grants and subsidies revenue is significantly higher than budget mainly due to Waka Kotahi funding of half price fares and additional Crown funding to support loss fare revenue.

• Other revenue

Other revenue is lower than budget mainly due to lower patronage levels from reduced services and increase in working from home practises post covid and half price fares.

• Finance costs

Finance costs are significantly higher than budget due to rising interest costs.

• Fair value gains/(losses) in revenue and expenditure statement

Fair value movements are unfavourable to budget due to impairment of Riverlink properties which more than offsets the favourable increase in the fair value of interest rate swaps due to the continuing increase in market interest rates.

**Statement of financial position**

• Total assets

The current assets are significantly higher than budget mainly due to additional funds received from Waka Kotahi and other surplus funds being invested in maturities not exceeding twelve months.

The non-current assets balance is significantly lower than budget mainly due to reclassification of the Riverlink related properties to assets held for disposal and a downward movement in the price of emission units.

• Ratepayers equity

Ratepayers equity is lower than the budget mainly due to the impairment loss of Riverlink properties which more than offsets the favourable fair value movements in interest rate swaps due to the continuing increase in market interest rates.

• Current and non-current liabilities

Current liabilities are significantly higher than budget mainly due to the receipt of funds from Waka Kotahi for the Riverlink project and the timing of raising more short term debt and lower long term debt as reflected in the lower non-current liabilities against budget.

## *34 Events occurring after the balance date*

**Rates**

In a recent rates modelling exercise undertaken by Greater Wellington, it was discovered the differentials on the Wellington city general rate had not been applied correctly since it was introduced in 2019/20. The impact of this meant Residential ratepayers have overpaid on average $30 per year, and Rural ratepayers have overpaid on average $36 per year. The CBD and business categories counterbalanced this over payment by underpaying, on average $2,331 for CBD and $641 for Business ratepayers. The total revenue collected for Greater Wellington was correct, hence the issue was not found earlier. This issue was corrected for the 2023/24 rating year.

Greater Wellington is working through practical solutions for resolving this issue and an unquantifiable contingent liability has been recognised in this regard.

**Water services reform program**

The New Zealand Government is implementing a water services reform program that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.
- The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.
- The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023

There were no other subsequent events up to the date of these financial statements which would affect the amounts or disclosures in the financial statements.

No dividend was declared post balance date by WRC Holdings (2022: Nil).

**Attachment 1 to Report 23.533**

Greater Wellington
Te Pane Matua Taiao

# He tauākī whākinga a te Pūrongo ā-Tau mō te tau ka oti i te 30 o Hune 2023 | Annual Report disclosure statement for year ended 30 June 2023

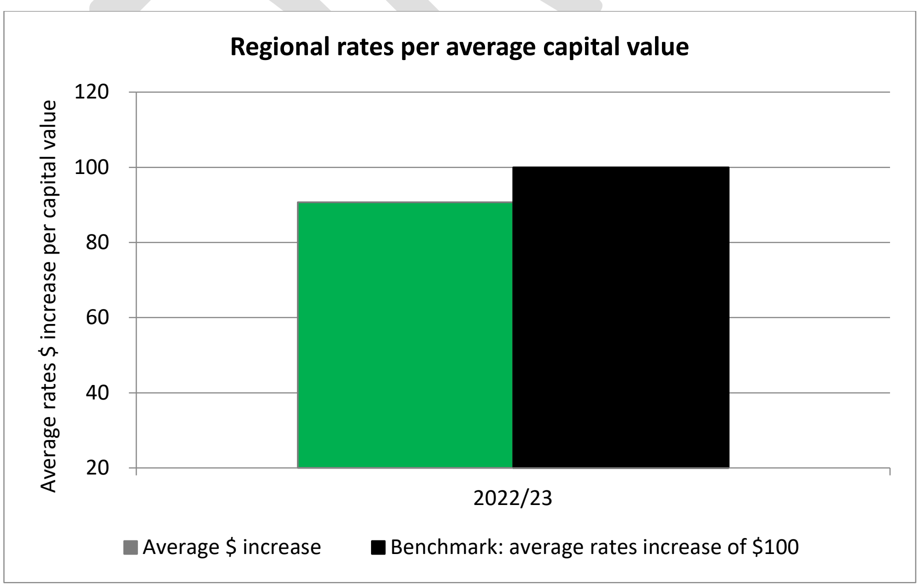


### *What is the purpose of this statement?*

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

The following graphs need to be read collectively and in conjunction with the attached financial statements. Individually these graphs show a particular view on one aspect of the financial health and management of the Council. It is also important to keep in mind the overall strategy and policies the Council has also adopted when reading these graphs. These are included within the Long-Term Plan 2021-31.



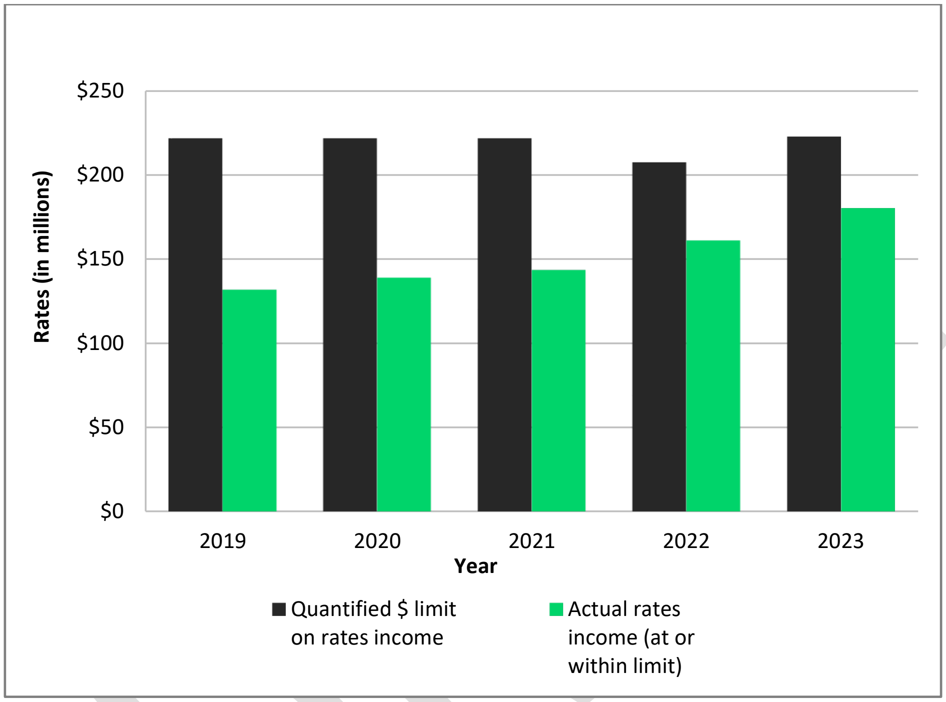
Greater Wellington
Te Pane Matua Taiao

### *Rates (income) affordability*

The council meets the rates affordability benchmark if:

- Its actual rates income equal or is less than each quantified limit on rates; and
- Its actual rates increase equal or are less than each quantified limit on rates increases.

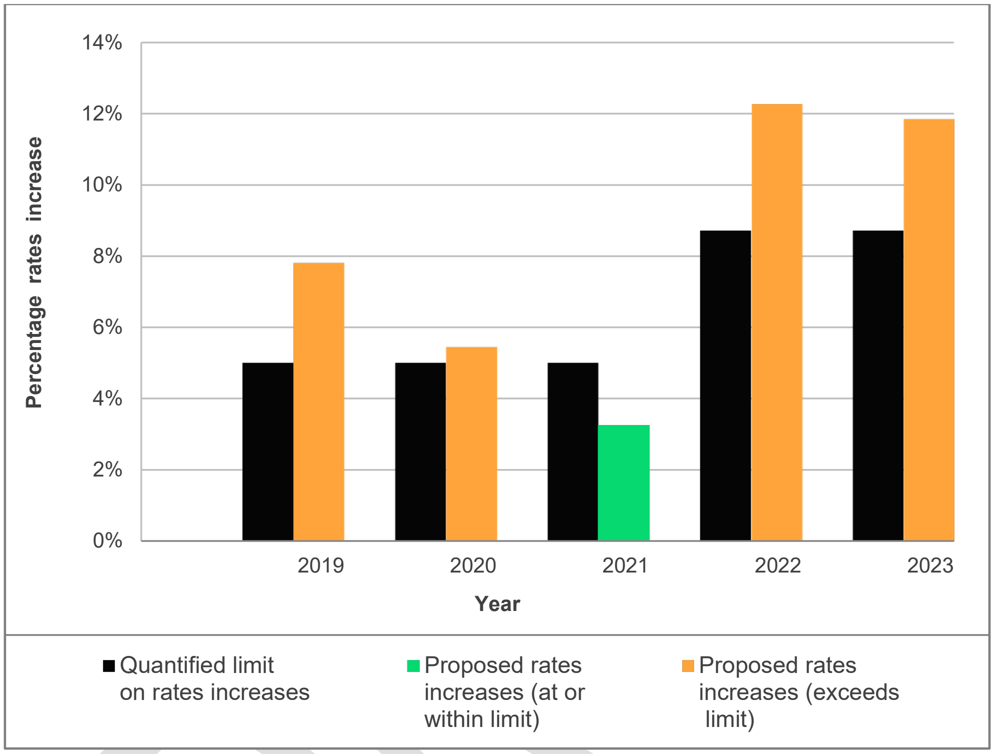
The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's Long-Term Plan. The quantified limit is the estimated rates requirement at 45 percent of total that years' operating revenue.



**Attachment 1 to Report 23.533**

## *Rates (increase) affordability*

The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's Long-Term Plan. The quantified limit is the estimated rates requirement at 45 percent of total that years' operating revenue.

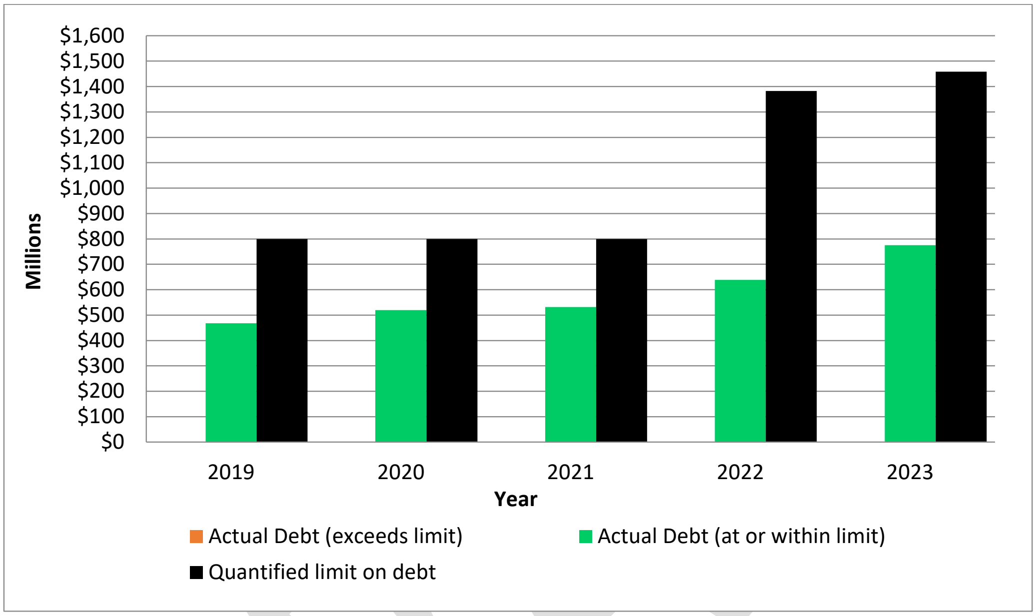


**Attachment 1 to Report 23.533**

Greater Wellington
Te Pane Matua Taiao

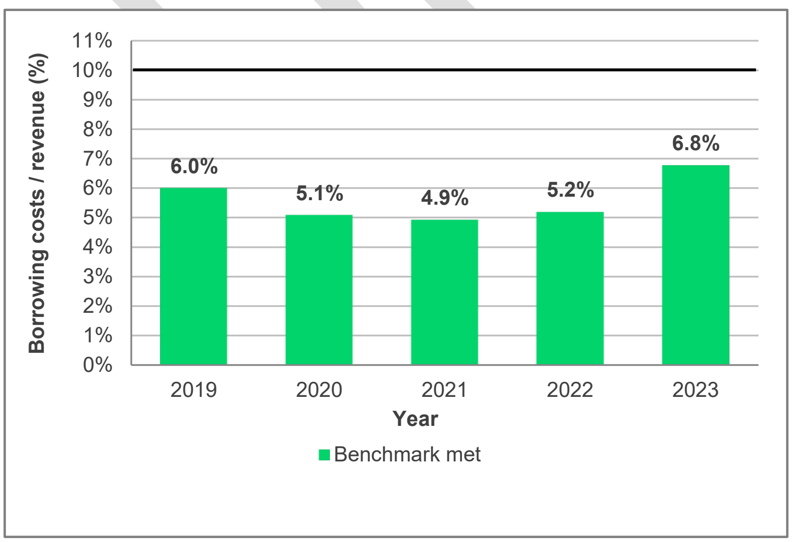
*Debt affordability benchmark*

The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in council's Long-Term Plan. The quantified limit is that net debt/total revenue is lower than the allowable maximum as indicated in the Financial Strategy. The Council continues to satisfy this benchmark test.




*Debt servicing benchmark*

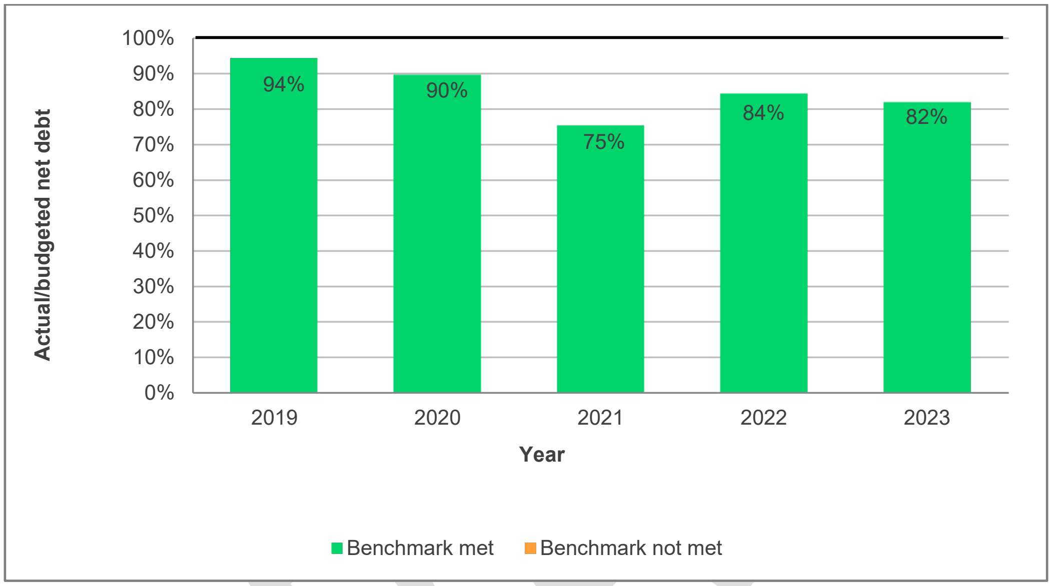
The following graph displays the council's borrowing costs as a proportion of planned revenue. The benchmark prudential limit is set by Central Government at 10% for non-high population growth regions. The Council meets this benchmark.



Greater Wellington
Te Pane Matua Taiao

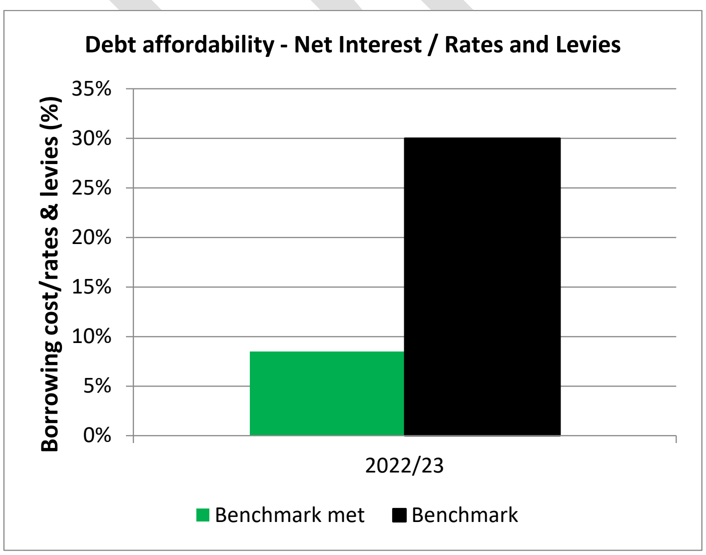
### *Debt control benchmark*

The following graph displays the council's actual net debt as a proportion of planned net debt. Percentages close to 100% indicate that our actual result is close to what we planned. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The council meets the debt control benchmark.




### *Debt affordability*

The graph opposite compares the council's planned debt with a quantified limit on borrowing contained in the financial strategy included in Long-Term Plan. The quantified limit is that net interest/total rates & levies is less than 30 percent.

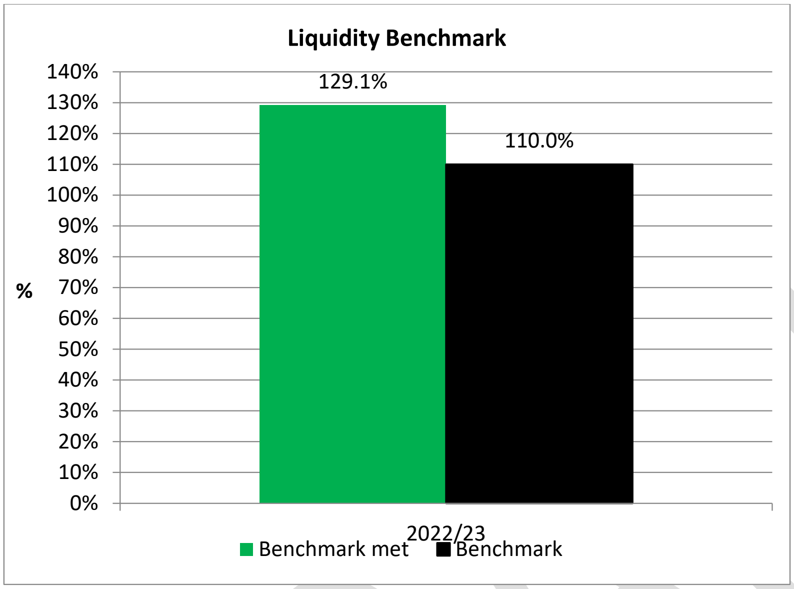


**Attachment 1 to Report 23.533**

Greater Wellington
Te Pane Matua Taiao

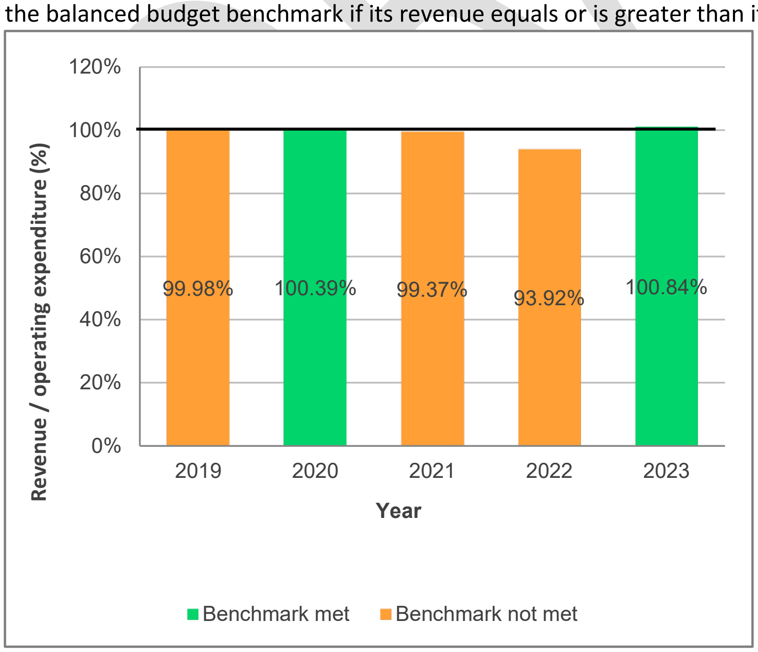
### *Liquidity benchmark*

The graph opposite compares the council's borrowing with a quantified limit on borrowing contained in the financial strategy included in the Long-Term Plan. The qualified limit is that liquidity is more than 110 percent. Liquidity is defined as external debt plus committed loan facilities plus liquid investments divided by external debt.




### *Balanced budget benchmark*

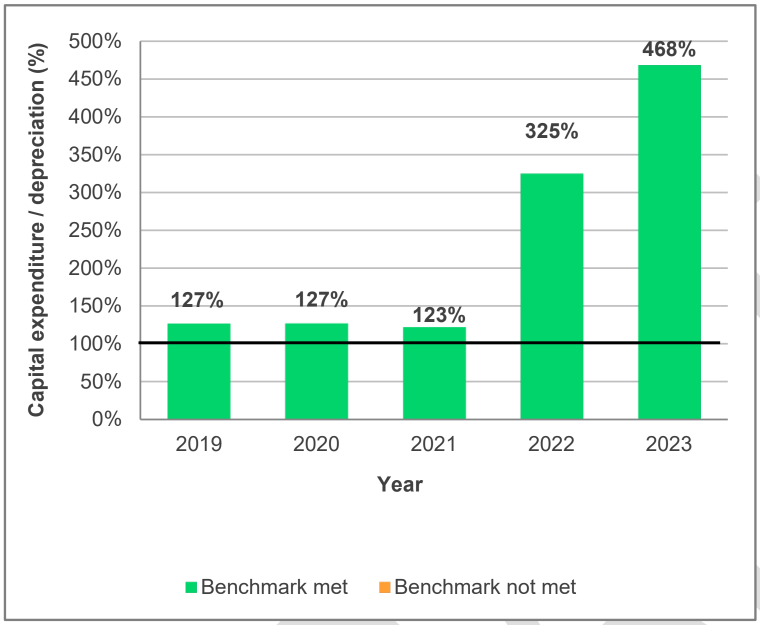
The following graph displays the Council's revenue (excluding gains on derivative financial instruments) as a proportion of operating expenses (excluding losses on derivative financial instruments). The Council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.



**Attachment 1 to Report 23.533**

Capital expenditure and depreciation

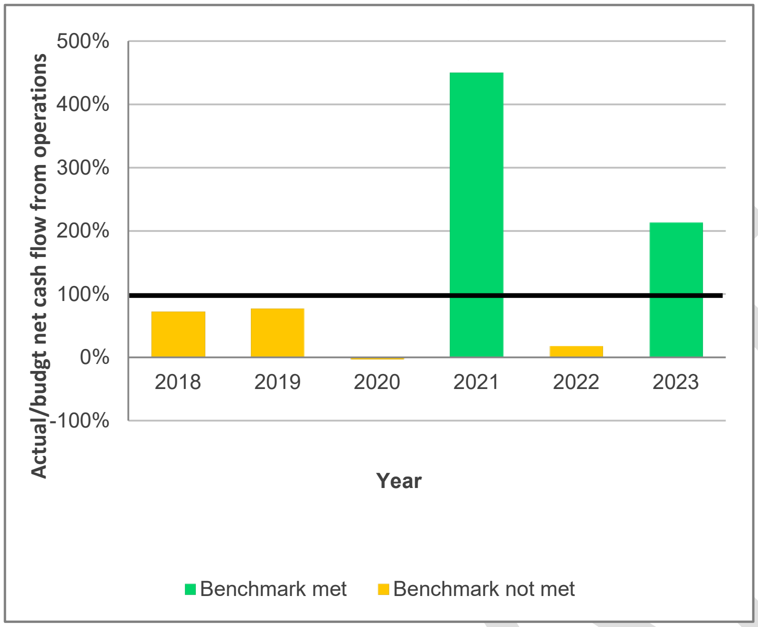
The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services. The council meets this benchmark as its capital expenditure on network services is greater than depreciation on network services.



**Attachment 1 to Report 23.533**

*Operational control benchmark*

This graph displays the council's actual net cashflow from operations as a proportion of its planned net cash flow from operations. With infrastructure projects, there are often variations in timing that cause large differences between budget and actual in a given period.



**Attachment 1 to Report 23.533**

# He tauākī mō te tutukinga o ngā tūtohu me ngā haepapa | Statement of compliance and responsibility

*Compliance*

The Council and Greater Wellington'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 Greater Wellington management accept responsibility for preparing the annual financial statements and judgements used in them. The Council and Greater Wellington 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 Greater Wellington management, the annual financial statements for the year ended 30 June 2023 fairly reflect the financial position and operations of the Greater Wellington Regional Council.



| | | |
|---|---|---|
| **Daran Ponter** | **Nigel Corry** | **Alison Trustrum-Rainey** |
| *Chair* | *Chief Executive* | *Chief Financial Officer* |
| 31 October 2023 | 31 October 2023 | 31 October 2023 |

Attachment 1 to Report 23.533

# He Pūrongo Arotake Pūtea | Independent Audit Report

Still to be provided

**Attachment 2 to Report 23.533**

Te Pane Matua Taiao | Greater Wellington Regional Council

Te Pane Matua Taiao he whakarāpopoto i te pūrongo ā-tau 2022/23 | 2022/23 Summary of the Annual Report

Greater Wellington
Te Pane Matua Taiao

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# He whakatakinga | Introduction

This Summary Report is an overview of the financial and non-financial service performance for Year Two of Greater Wellington's 2021-31 Long Term Plan. The full 2022/23 Annual Report is available here (opens in a new tab). **Note:** link to be added to GW website after publication

This Summary Report does not include the full financial disclosures and detailed financial information that are in the full Annual Report.

*Disclaimer*

The specific disclosures included in this Summary of the 2022/23 Annual Report have been extracted from the full 2022/23 Annual Report. The Summary cannot be expected to provide as complete an understanding as provided by the full annual report of the financial and service performance, financial position and cash flows of the Greater Wellington Regional Council. The Summary has been examined by the auditor for consistency with the full annual report audited by Audit New Zealand on behalf of the Auditor-General. A qualified audit opinion was issued on 31 October 2023. This Annual Report summary was adopted by the Council on 31 October 2023.

Attachment 2 to Report 23.533

# He karere nā te Heamana me Te Tumu Whakarae | Message from the Chair and Chief Executive

Kia ora koutou,

In short, this year has been one of change – some positive, and some challenging.

In October 2022 we welcomed in a new Council – including five new Councillors – and re-elected the Chair. The new Council have shown a commitment to delivering for the environment and climate, delivering a reliable public transport network, and partnering with mana whenua.

At the start of the year the impacts of COVID-19 on frontline public transport staffing levels was being felt by public transport operators across New Zealand. These staffing impacts had a major flow-on effect to Greater Wellington's Metlink Public Transport services, so we worked with our public transport operators and Central Government to support changes to driver wages and hiring conditions. In February 2023 we had a shortage of 120 drivers across our public transport network, and by June 2023 the shortage was down to 83, with all signs indicating that trend will continue to improve into 2023/24. While this systems-changing work was ongoing, we also made it easier for people to pay for public transport with the full rollout of Snapper on Rail, and payWave options for the airport bus services.

Ex-tropical Cyclone Hale and Cyclone Gabrielle hit New Zealand one after another in early 2023, causing severe impacts and disruptions to communities across the North Island, including the Wairarapa. We supported the response and recovery in our own Region and sent trained staff to support the national coordination centre and the response in other regions. These storms and other severe weather events throughout the year had a major impact on many of our environmental restoration activities, requiring us to pivot some our work to manage the impacts.

We have continued to work closely with our mana whenua partners this year. We established a Long Term Plan Committee of Council which includes one representative from each of Greater Wellington's six mana whenua partners, and also established a Te Tiriti Komiti of Council. We commenced a Te Tiriti o Waitangi internal audit, which includes feedback from our partners, and continued the momentum from last year in progressing our commitment to Te Whāriki – our Māori Outcomes Framework.

Climate change was another big focus for us this year. We reduced our greenhouse gas emissions five percent from our baseline and increased the number of electric buses in our public transport fleet to a total of 98. We improved flood protection for our communities, including commencing work on Te Wai Takamori o Te Awa Kairangi | RiverLink project in

Hutt Valley, and built more natural resilience to climate change by restoring habitats and healthy ecosystems, treating erosion-prone land, and retiring grazed land in Regional Parks.

We are proud of our achievements and grateful to everyone involved. Thank you to all the people who made this year possible – our mana whenua partners, partner agencies in central and local government, communities, our staff, and volunteers.

| | |
|---|---|
| Daran Ponter<br><br>Heamana Kaunihera \| Council Chair | Nigel Corry<br><br>Tumu Whakarae \| Chief Executive |

Greater Wellington
Te Pane Matua Taiao

**Attachment 2 to Report 23.533**

# Ko te Tau kua pahure | A Year in Review

We are proud of the mahi we achieved this year. Highlights include:

Provided trained and capable people to staff to support the Cyclone Gabrielle response and recovery.

Reduced corporate greenhouse gas emissions by five percent

Treated 1,405 hectares of erosion-prone land

Planted 158,000 indigenous species across our Regional Parks

Launched three new programmes to encourage active and public transport in workplaces.

Made paying of public transport easier – customers can use their Snapper Card to pay for both rail and bus services

**Note:** the text in the blue boxes will become photo captions in the designed copy

Greater Wellington
Te Pane Matua Taiao

**Attachment 2 to Report 23.533**

# Ko ngā hua mō te hapor | Community Outcomes

We promote the social, economic, environmental, and cultural well-being of our communities through our three community outcomes:

- **Thriving Environment:** healthy fresh and coastal water, clean and safe drinking water, unique landscapes and indigenous biodiversity, sustainable land use, a prosperous low carbon economy.
- **Connected Communities:** vibrant and liveable region in which people can move around, active and public transport, sustainable rural and urban centres that are connected to each other, including mana whenua and mātāwaka Māori communities.
- **Resilient Future:** safe and healthy communities, a strong and thriving regional economy, inclusive and equitable participation, adapting to the effects of climate change and natural hazards, community preparedness, modern and robust infrastructure.

The table below shows Community Outcomes through the lens of each of our Activity Groups.

| | | Community Outcomes | | |
|---|---|---|---|---|
| | | Thriving Environment | Connect Communities | Resilient Future |
| Activity Group | Environment and Flood Protection (page xx) | We look after the region's special places to ensure they thrive and prosper | Our work with the community connects people with the environment they live in | We manage and protect the region's resources so they can be enjoyed for generations to come |
| | Metlink Public Transport (page xx) | With electrification of our network, we are creating a more sustainable and low carbon region | People can get to the places they want to go to by using an accessible and efficient network | People can move around the region on a public transport network that is future proofed |
| | Regional Strategy and Partnerships (page xx) | We lead from the front to ensure our environment is front and centre | People are engaged in the decisions that affect them | We plan for the big issues by connecting the dots, ensuring the future is resilient |
| | Water Supply (page xx) | Water supply is respectful to the environment that we live in | The region has sufficient water supply that is of high quality and safe | Bulk water supply is sustainable to the community as our environment changes |

Greater Wellington
Te Pane Matua Taiao

**Attachment 2 to Report 23.533**

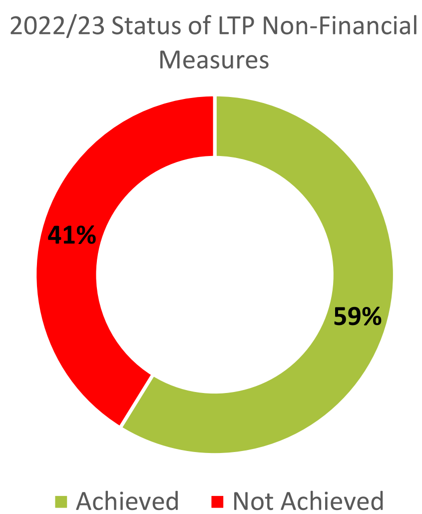
# Ko ā mātou whakaarotau rautaki matua | Our Overarching Strategic Priorities

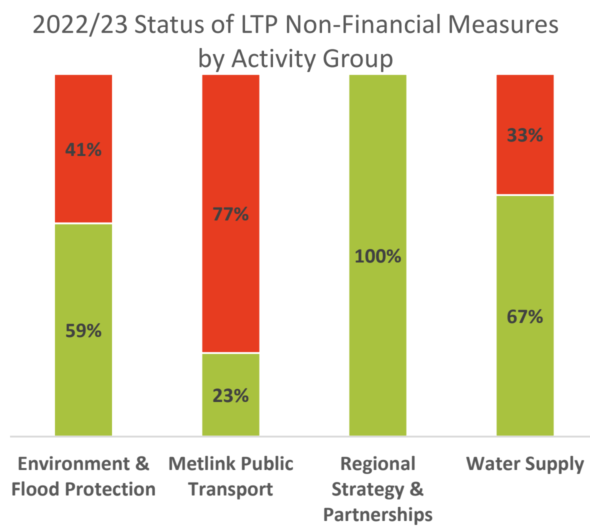
Greater Wellington identified four key overarching strategic priorities as part of the 2021-32 Long Term Plan. These overarching priorities are woven across each Activity Group.[1]

| | |
|---|---|
| **Improving outcomes for mana whenua and Māori** | Proactively engage mana whenua and mātāwaka Māori in decision making, and incorporate Te Ao Māori and mātauranga Māori perspectives, so we can achieve the best outcomes for Māori across all aspects of our region. |
| **Responding to the climate emergency** | Meeting the challenge of climate change by demonstrating leadership in regional climate action and advocacy, and ensuring our operations are carbon neutral by 2030. |
| **Adapting and responding to the impacts of COVID-19** | Take a leadership role in responding to the economic consequences of COVID-19 and support the region's transition to a sustainable and low carbon economy. |
| **Aligning with Government direction** | Rise to the challenges set by Central Government to ramp up environmental protection and continue to provide high quality public transport services. |

[1] To see how we are delivering on these priorities see the full 2022/23 Annual Report

# He whakarāpopototanga o te tiro whānui i te rawa | Summary of Non-financial performance




Overall Greater Wellington achieved
59 percent (30) of our non-financial performance measures and did not achieve 41 percent (21) of the measures.

We faced several challenges in our operating environment which impacted our ability to achieve our performance measures including:

- Cyclones and severe weather impacted most outdoor work, particularly environmental restoration, and pest management.
- Shortages with frontline public transport staff and rail disruptions caused service cancellations and delays to the public transport network.
- Ongoing staffing and resourcing challenges have had compounding impacts across various projects and programmes.
- A significant scale and rate of change for many Central Government agencies and policies have slowed down progress on some work.

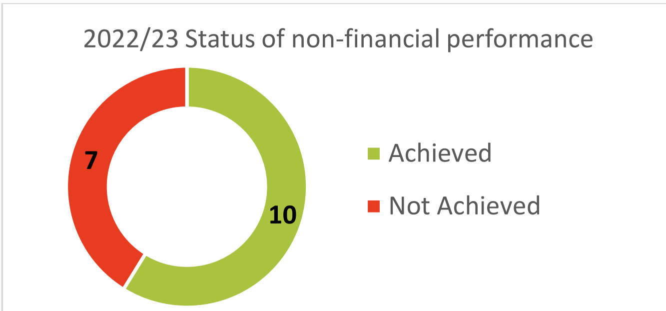
You can read more about our non-financial performance in the full **2022/23 Annual Report Section Two: He tiro whānui i te rawa | Non-financial performance** beginning on page XX.

Greater Wellington
Te Pane Matua Taiao

**Attachment 2 to Report 23.533**

# Ko te Haumaru Taiao me te Waipuke | Environment and Flood Protection

## Overall Summary of the year's performance




Greater Wellington's Environment and Flood Protection activities achieved 59 percent of their seventeen performance measures this year. [2]

Severe weather events, including Cyclone Gabrielle, presented challenges this year. These weather events affected the delivery of our work programme, and we had to re-prioritise to make sure we were delivering the most important work to our community.

Despite these challenges, we have worked hard this year to deliver the essential work to protect and restore our environment.

We improved the health of our waterways through a lot of erosion prevention and riparian management across the Region. We also gained a better understanding of our water resources in the Wairarapa through the non-invasive skyTEM aerial surveying programme over the Ruamāhanga Valley, which will provides valuable insights about how water filters and cycles through the ground, and an overall better understanding of critical ground water resources.

We continued to protect and restore ecosystems alongside our community and mana whenua partners. We made progress on implementing the recommendations for the Ruamāhanga, Te Awarua-o-Porirua and Te Whanganui-a-Tara Whaitua programmes which were developed with the community and our mana whenua partners.

Our Recloaking Papatūānuku programme was advanced this year, completing the wetland restoration work at Queen Elizabeth Park, undertaking pest plan and animal management, and putting 400,000 new plants in the ground.

[2] See the 'Measuring our Performance' section of the full 2022/23 Annual Report.

Our pest management programmes hit a significant milestone with all rats, possums, and mustelids eliminated from 80 percent of the Miramar Peninsula as part of the Predator Free Wellington Programme. This pest management is essential for our native plants and animals to thrive.

On top of delivering this critical work for the environment, we also started delivering our work in a more holistic and integrated way this year. In May 2023 we implemented a new operating model which allows us to better organise our staff, align our strategies and embed a focus on Māori outcomes. This model is supported by four focus areas for work ahead: co-design and co-delivery, working closely with communities; investing in new ways to manage flood risks; implementing Toitū Te Whenua Parks Network Plan; and Regional pest management focus on deer and goats.

An example of delivering work in an integrated way this year is our Natural Resources Plan graduating from proposed to be approved. This represents 12 years of *mahitahi* in partnership with Greater Wellington, mana whenua and communities. The Natural Resources Plan takes a holistic approach, whereas previous plans took separate approaches to manage air quality, freshwater, soil, and discharges to land and coastal areas.

Greater Wellington
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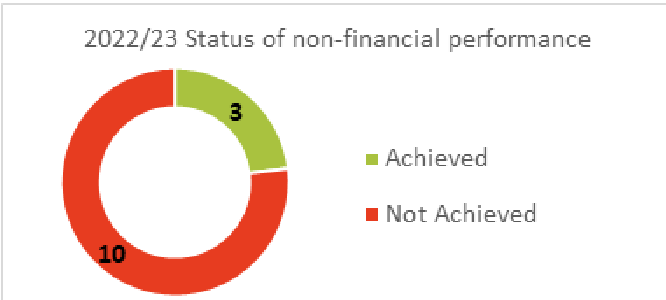
**Attachment 2 to Report 23.533**

# Ngā waka Tūmatanui | Metlink Public Transport

## Overall Summary of the year's performance




**Greater Wellington's Metlink Public Transport activities achieved 23 percent of their thirteen performance measures this year.** [3]

We faced several challenges this year that affected our public transport services. There was a lot of work to address these challenges and continue to provide safe, accessible, and reliable bus, rail and ferry services to the community.

One of the biggest challenges was a shortage of bus drivers. We supported improvements to driver conditions, increased driver wages[4], and successfully lobbied Central Government to improve immigration rules and expand recruitment options. We are proud to say that the gap in driver shortages has decreased from 120 drivers in February 2023 to only 83 drivers in June 2023. We are on-track to have full complement of drivers by the end of September 2023.

There have been slips and slope stability issues on the Kāpiti Line and the work on the Wairarapa Line caused disruptions to rail services throughout the year. More significant disruptions occurred in May 2023 after Metlink was advised by KiwiRail that there were unforeseen technical issues with the Track Evaluation Car, which prevented important regular safety inspections of the rail network. There are two reviews being undertaken into KiwiRail's response, which will help to prevent the issue from reoccurring.

[3] See the 'Measuring our Performance' section of the full 2022/23 Annual Report.

[4] On 1 April 2023, bus driver wages increase to an average of $30 per hour for 'urban' services and $28 per hour for 'regional' services.

Despite the challenges that we faced we have also done a lot of great work to improve our public transport system this year.

We commenced operation of the new Airport bus service in July 2022, providing an express service between Wellington Railway Station and Wellington Airport on a full electric fleet of buses wihcih feather Wi-Fi and payWave. This service has proven popular, with 364,191 passengers in the first year of operation (28 percent more than forecast).

Snapper on Rail went live on the Kāpiti Line on 12 November 2022 and then on the Melling, Hutt Valley and Wairarapa Lines on 27 November 2022. This has had a positive impact on passenger satisfaction with the convenience of paying for public transport compared with the previous year.

We started the procurement process for 18 four-car tri-mode trains and associated infrastructure for the Wairarapa and Manawatū rail lines. These new trains are part of the Lower North Island Rail Integrated Mobility project to increase rail services and improve people's experience of the rail network. We are expecting that peak-time rail services between Palmerston North and Wellington on the Manawatū line will quadruple and will double between Masterton and Wellington on the Wairarapa line.

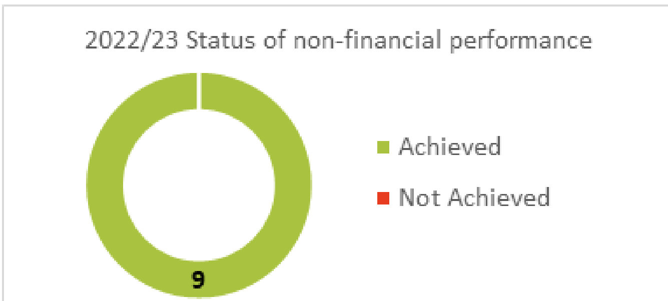
We also talked to community about how public transport fares should change in the future, and in February 2023 Council agreed on several options for fare discounts and reduced fares. We also completed our annual fares review, and Council agreed to increase fares by six percent as of 1 April 2023.

Greater Wellington
Te Pane Matua Taiao

**Attachment 2 to Report 23.533**

# Ko te mahere ā-rohe me ngā rangapū | Regional Strategy and Partnerships

## Overall Summary of the year's performance




**Greater Wellington's Regional Strategy and Partnerships activities achieved 100 percent of their nine performance measures this year.** [5]

The challenges that we faced this year highlighted how important it is that we have strong relationships with our partners and communities in the Region. Cyclone Gabrielle had a big impact on us, particularly for communities in the Wairarapa. Recovery is an ongoing process, and for those affected it will be a part of their story for years to come. The Wellington Region Emergency Management Office (WREMO) continued to work with Greater Wellington managers and people leaders throughout the year to train staff and to improve our collective ability to activate and support the Emergency Coordination Centre.

This year we continued to work on building relationships and making connections so that we deliver our work in a coordinated way across the Region. We worked to make our regional transport system more connected this year through the development of the first Regional Speed Management Plan as part of Waka Kotahi's Road to Zero project and developed a new strategic transport modelling tool. This tool can be used by us and our partners to decide together where to invest to make our transport network more connected and useful to people.

We also made connections across the Region this year by continuing to support the Wellington Regional Leadership Committee (WRLC). The WRLC is made up of

[5] See the 'Measuring our Performance' section of the full 2022/23 Annual Report.

representatives from territorial authorities, Greater Wellington, mana whenua and Central Government. We supported the WRLC work programme by contributing to regionally-focussed plans and strategies they are leading this year to reduce emissions, adapt to climate change and ensure we are developing in a way that supports future generations.

Partnership with people across the Region was a key focus for us this year, including partnership with mana whenua. We established a Long Term Plan Committee with representatives from all our mana whenua partners to develop our 2024-34 Long Term Plan. We also worked with our mana whenua partners on regional projects and continued to implement Te Whāriki – an outcomes-based framework for how we plan and deliver our work.

We also continued to work with our partners at WellingtonNZ to support sustainable economic growth through their Wellington Regional Economic Development Plan.

This year was also a local government election year. After a lot of work encouraging people to stand for Council and vote, we welcomed a new Council into Greater Wellington, with five new councillors and eight re-elected councillors. We supported our new Council once they were elected to ensure they had everything they needed to understand their role and represent their electorate.

Greater Wellington
Te Pane Matua Taiao

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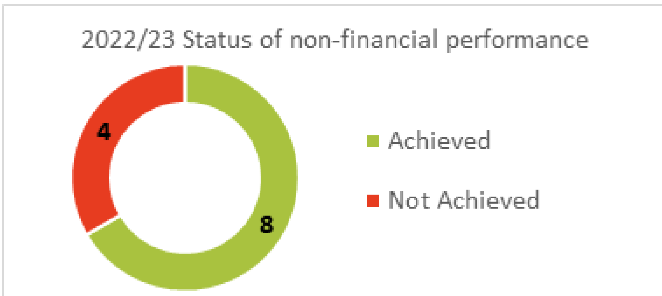
# Ngā Puna Wai | Water Supply

## Overall Summary of the year's performance




**Greater Wellington's Water Supply activities have achieved 67 percent of their twelve performance measures this year.** [6]

Improving the resilience of our water supply was a big focus this year. This is incredibly important as we start to see the impacts of climate change on our Region. Wellington Water Limited completed upgrades to both the Silverstream Pipe bridge and the Kaitoke Flume Bridge so that they will last long into the future and be more resistant to the impacts of natural disasters such as earthquakes.

Both the Silverstream and Kaitoke Pipe bridges are essential to water supply in Wellington Region. The Silverstream Pipe bridge is one of the Region's most critical water supply pipelines, and Kaitoke Flume Bridge provides approximately 50 percent of the Region's raw water supply. Therefore, it was important this year that we ensured both pieces of infrastructure are working properly and can continue to work for future generations.

We also did work this year to increase our capacity to deliver drinking water to the Region. This is important as our population grows and more water is needed. We started upgrades on the Te Marua Water Treatment Plant this year to increase the capacity of the plant however there have been delays while we ensure that we are properly protecting the plant from future earthquakes.



[6] See the 'Measuring our Performance' section of the full 2022/23 Annual Report.

Greater Wellington
Te Pane Matua Taiao

**Attachment 2 to Report 23.533**

# He Pūrongo Pūtea | Finances at a Glance

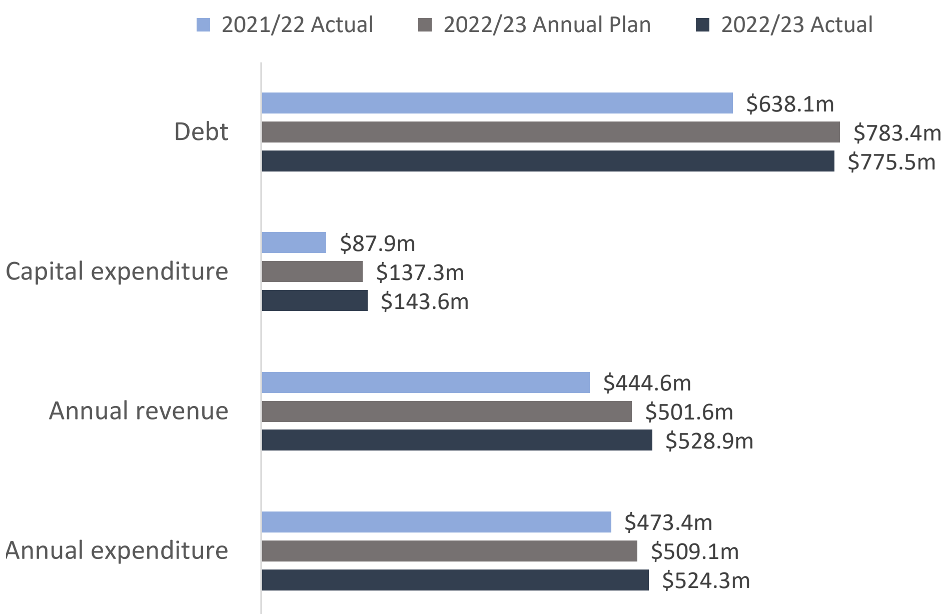
The year has been one of economic challenges and financial pressures and this is reflected in the financial results of Greater Wellington. Summary highlights from the year include:

- We received an AA+ credit rating with Standard & Poor's, which indicates a very strong capacity to meet financial commitments and good financial health overall.
- The cost of delivering all our services amounted to $6.8 per rating unit per day.
- Our total assets held this year were worth $2.162 billion.

Greater Wellington's revenue is sourced primarily through rates and grants from central government. Other revenue sources include water supply levy, fees, charges, including public transport fares, and investment income.

- Our annual revenue from rates this year was $180 million.
- Revenue from grants and other sources was $348.9 million.

*Financial overview*



Greater Wellington Te Pane Matua Taiao

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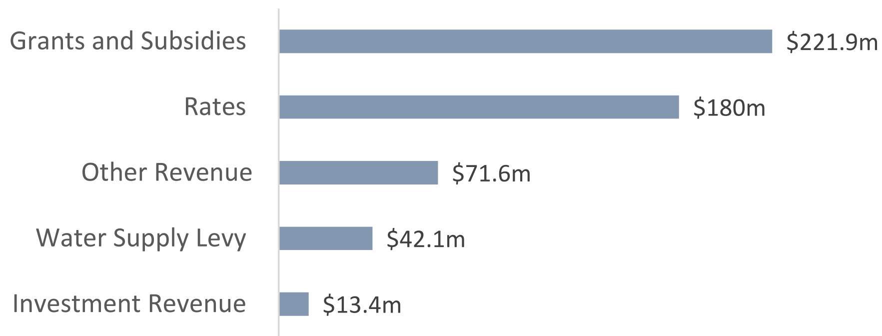
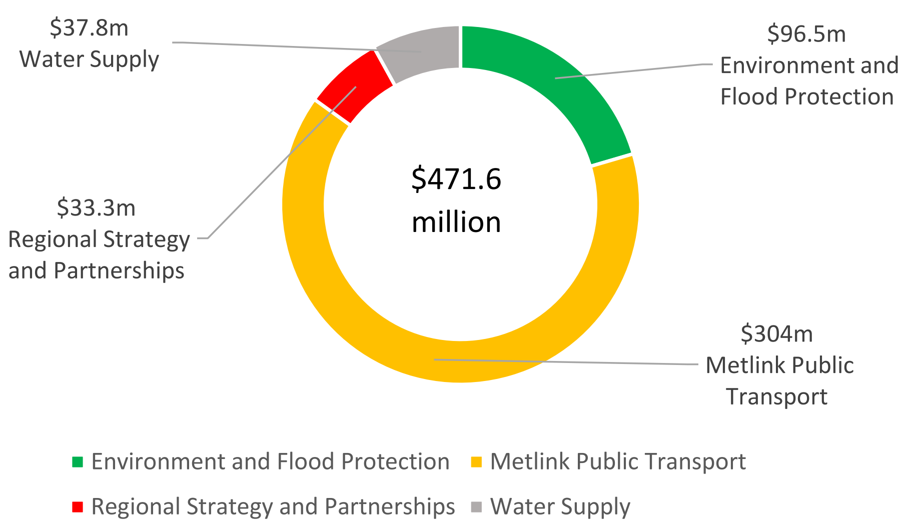
*Revenue*




*Operational expenditure by Activity Group*



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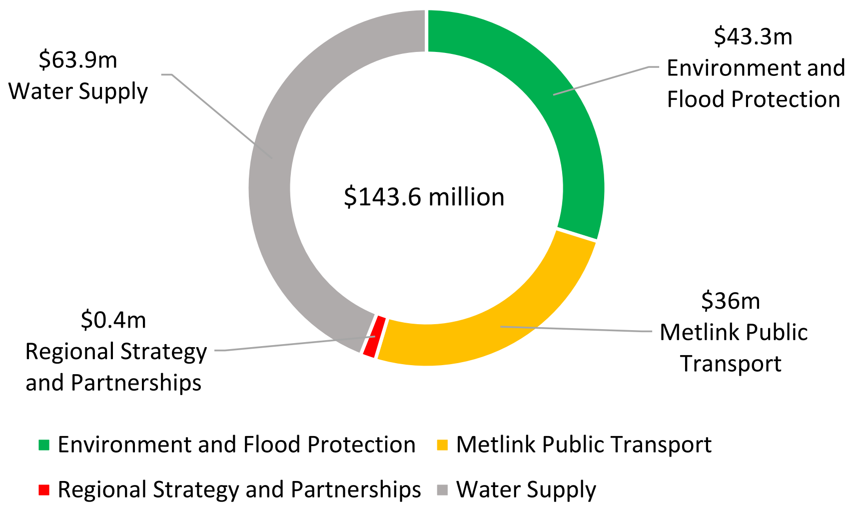
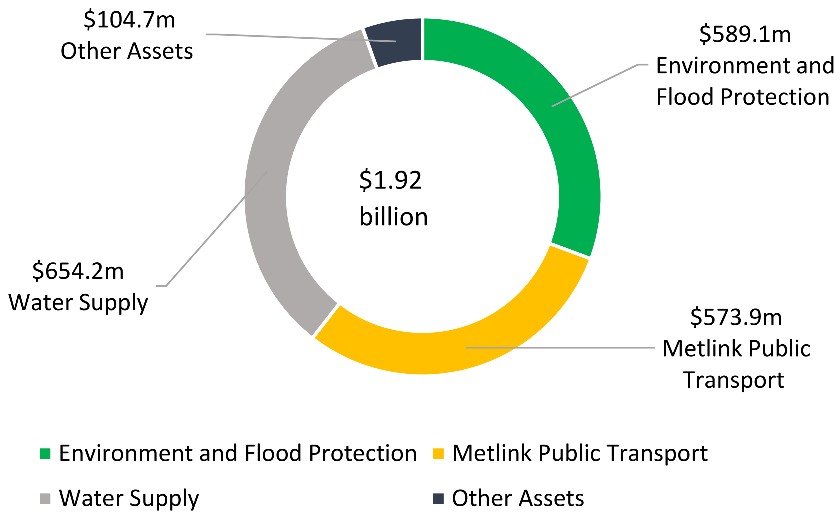
*Capital expenditure by Activity Group*




*Property, plant, and equipment by Activity Group*



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Te Pane Matua Taiao

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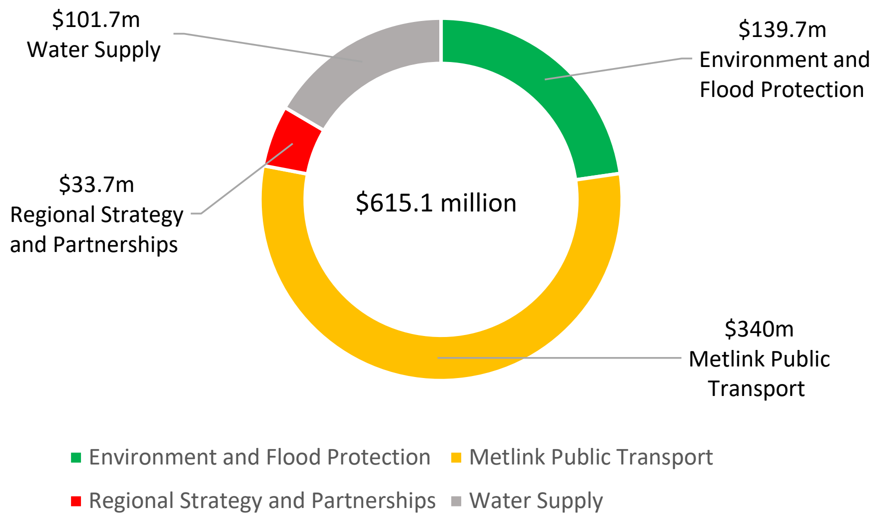
*Total Expenditure (operational plus capital) by Activity Group*



Greater Wellington
Te Pane Matua Taiao

**Attachment 2 to Report 23.533**

# Financial Summary including key disclosure statements

## Summary Statement of Comprehensive Revenue and Expense

## For the year ended 30 June 2023

| | Greater Wellington | | | Greater Wellington Group | |
|---|---|---|---|---|---|
| | **Actual 2023 $'000** | **Budget 2023 $'000** | **Actual 2022 $'000** | **Actual 2023 $'000** | **Actual 2022 $'000** |
| **Operating revenue and gains** | **528,664** | **501,605** | **443,933** | **628,619** | **532,261** |
| Finance expenses | (35,832) | (22,768) | (23,099) | (35,549) | (23,099) |
| Operating expenditure | (488,434) | (486,368) | (450,282) | (612,111) | (558,851) |
| **Operating surplus/(deficit) before other items and tax** | **4,398** | **(7,531)** | **(29,448)** | **(19,041)** | **(49,689)** |
| Share of associate's surplus/(deficit) | - | - | - | 1,249 | 1,537 |
| Impairment on buildings | (36,720) | - | - | (36,720) | - |
| Fair value - Other assets | - | - | - | - | (21,000) |
| Fair value gains / (losses) in profit and loss | 14,361 | 11,037 | 64,561 | 14,361 | 64,561 |
| Fair value gain/(loss) on investment property | - | - | - | (1,509) | 4,842 |
| Tax on continuing operations | - | - | - | 8,821 | 10,548 |
| **Operating surplus / (deficit) after tax** | **(17,961)** | **3,506** | **35,113** | **(32,839)** | **10,799** |
| **Other comprehensive revenue and expenses** | | | | | |
| Increases / (decreases) in revaluations | (49,544) | 10,524 | 131,894 | (50,418) | 196,302 |
| **Total comprehensive revenue and expense** | **(67,505)** | **14,030** | **167,007** | **(83,257)** | **207,101** |
| | | | | | |
| **Attributable to:** | | | | | |
| Equity holders of the Parent | (67,505) | 14,030 | 167,007 | (87,608) | 215,217 |
| Non-controlling interest | - | - | - | 4,351 | (8,116) |
| | **(67,505)** | **14,030** | **167,007** | **(83,257)** | **207,101** |

Greater Wellington
Te Pane Matua Taiao

**Attachment 2 to Report 23.533**

## Summary statement of changes in equity

## For the year ended 30 June 2023

| | Greater Wellington | | | Greater Wellington Group | |
|---|---|---|---|---|---|
| | **Actual 2023 $'000** | **Budget 2023 $'000** | **Actual 2022 $'000** | **Actual 2023 $'000** | **Actual 2022 $'000** |
| **Opening equity** | **1,305,881** | **1,243,848** | **1,137,997** | **1,844,488** | **1,637,897** |
| Operating surplus /(deficit) after tax | (17,961) | 3,506 | 35,112 | (32,839) | 10,799 |
| Dividend to non-controlling interest | - | - | - | (1,385) | (1,385) |
| Asset revaluation movements | (38,573) | 10,524 | 120,177 | (39,447) | 184,585 |
| Revaluation movement of other financial assets | (10,971) | - | 11,717 | (10,971) | 11,717 |
| **Total closing equity at 30 June** | **1,238,377** | **1,257,876** | **1,305,010** | **1,759,847** | **1,843,618** |
| **Attributable to:** | | | | | |
| **Equity holders of the Parent** | 1,238,377 | 1,257,876 | 1,305,010 | 1,650,241 | 1,736,978 |
| **Non-controlling interest** | - | - | - | 109,606 | 106,640 |
| | **1,238,377** | **1,257,876** | **1,305,010** | **1,759,847** | **1,843,620** |

## Summary statement of Financial Position

## For the year ended 30 June 2023

| | Greater Wellington | | | Greater Wellington Group | |
|---|---|---|---|---|---|
| | **Actual 2023 $'000** | **Budget 2023 $'000** | **Actual** 2022 $'000 | **Actual 2023 $'000** | **Actual** 2022 $'000 |
| Current assets | 279,613 | 171,483 | 217,898 | 408,723 | 375,511 |
| Non-current assets | 1,882,446 | 1,973,815 | 1,849,552 | 2,413,379 | 2,375,355 |
| **Total assets** | **2,162,059** | **2,145,298** | **2,067,450** | **2,822,102** | **2,750,866** |
| Current liabilities | 278,161 | 219,973 | 218,235 | 285,561 | 222,230 |
| Non-current liabilities | 645,521 | 667,449 | 544,205 | 776,694 | 685,018 |
| **Total liabilities** | **923,682** | **887,422** | **762,440** | **1,062,255** | **907,248** |
| **Net assets** | **1,238,377** | **1,257,876** | **1,305,010** | **1,759,847** | **1,843,618** |
| Equity attributed to: | | | | | |
| Retained earnings | 323,767 | 340,208 | 331,247 | 620,817 | 647,696 |
| Other reserves | 914,610 | 917,668 | 973,763 | 1,029,424 | 1,089,282 |
| Minority interest | - | - | - | 109,606 | 106,640 |
| **Total equity** | **1,238,377** | **1,257,876** | **1,305,010** | **1,759,847** | **1,843,618** |

Greater Wellington
Te Pane Matua Taiao

Attachment 2 to Report 23.533

# Summary statement of Cash-Flow
## For the year ended 30 June 2023

| | Greater Wellington | | | Greater Wellington Group | |
|---|---|---|---|---|---|
| | **Actual 2023 $'000** | **Budget 2023 $'000** | **Actual** 2022 $'000 | **Actual 2023 $'000** | **Actual** 2022 $'000 |
| Cashflows from operating activities | 68,783 | 32,297 | 6,650 | 88,514 | 17,572 |
| Cashflows from investing activities | (205,470) | (185,859) | (101,022) | (251,810) | (164,552) |
| Cashflows from financing activities | 137,413 | 153,962 | 106,214 | 137,028 | 108,329 |
| **Net increase / (decrease) in cash and cash equivalents** | **726** | **400** | **11,842** | **(26,268)** | **(38,651)** |
| **Opening cash equivalents** | **16,517** | **19,971** | **4,675** | **158,141** | **196,792** |
| **Closing cash equivalents** | **17,243** | **20,371** | **16,517** | **131,873** | **158,141** |

Major variances between actual and budget

1. **Grants and subsidies revenue** is significantly higher than budget mainly due to Waka Kotahi funding of half price fares and additional Crown funding to support loss fare revenue.
2. **Other revenue** is lower than budget mainly due to lower patronage levels from reduced services and increase in working from home practises post covid and half price fares.
3. **Finance costs** are significantly higher than budget due to rising interest costs.
4. **Fair value movements** are unfavourable to budget due to impairment of Riverlink properties which more than offsets the favourable increase in the fair value of interest rate swaps due to the continuing increase in market interest rates.
5. **Current assets** are significantly higher than budget mainly due to additional funds received from Waka Kotahi and other surplus funds being invested in maturities not exceeding twelve months. The non-current assets balance is significantly lower than budget mainly due to reclassification of the Riverlink related properties to assets held for disposal and a downward movement in the price of emission units.
6. **Ratepayers equity** is lower than the budget mainly due to the impairment loss of Riverlink properties which more than offsets the favourable fair value movements in interest rate swaps due to the continuing increase in market interest rates.
7. **Current liabilities** are significantly higher than budget mainly due to the receipt of funds from Waka Kotahi for the Riverlink project and the timing of raising more short term debt and lower long term debt as reflected in the lower non-current liabilities against budget.

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**Attachment 2 to Report 23.533**

Events occurring after the balance date

Rates

In a recent rates modelling exercise undertaken by Greater Wellington, it was discovered the differentials on the Wellington city general rate had not been applied correctly since it was introduced in 2019/20. The impact of this meant Residential ratepayers have overpaid on average $30 per year, and Rural ratepayers have overpaid on average $36 per year. The CBD and business categories counterbalanced this over payment by underpaying, on average $2,331 for CBD and $641 for Business ratepayers. The total revenue collected for Greater Wellington was correct, hence the issue was not found earlier. This issue was corrected for the 2023/24 rating year.

Currently, Greater Wellington is working through practical solutions for resolving this issue and Council is expected to make a decision in late October 2023.

Water services reform program

The New Zealand Government is implementing a water services reform program that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.
- The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.
- The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023

There were no other subsequent events up to the date of these financial statements which would affect the amounts or disclosures in the financial statements.

No dividend was declared post balance date by WRC Holdings (2022: Nil).

# Disclaimer

The full financial statements presented in the 2022/23 Annual report have been audited.

Greater Wellington's full financial statements have been prepared in accordance with Public Benefit entity (PBE) Accounting Standards.

Specific disclosures included in the summary financial statements have been extracted from the full financial statements. These financial statements contain no information that has been restated or reclassified.

The summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial statements.

The full financial statements can be obtained from the Greater Wellington website.

The full financial statements are denominated in NZ$.

The summary financial statements comply with PBE FRS 43 – Summary financial statements.

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**Attachment 2 to Report 23.533**

# He Pūrongo Arotake Pūtea | Independent Audit Report

(to be added after Audit opinion issued)

**Attachment 3 to Report 23.533**

## Reserve balance as at 30 June 2023 as compared to the Annual Plan

| Council created reserves | Purpose of the fund | Annual Plan balance at 30 June 2023<br>$000s | Actual reserve balance at 30 June 2023<br>$000s |
|---|---|---|---|
| **Area of benefit reserves** | | | |
| Public transport reserve | Any funding surplus or deficit relating to the provision of public transport services is used only on subsequent public transport expenditure | 4,097 | 3,550 |
| Transport planning reserve | Any funding surplus or deficit relating to the provision of transport planning services is used only on subsequent transport planning expenditure. | 295 | 264 |
| WRS reserve | Any funding surplus or deficit relating to the Wellington Regional Strategy implementation is used only on subsequent Wellington Regional Strategy expenditure. | 547 | 896 |
| WREMO reserve | Contributions by other local authorities to run the WREMO | 134 | 437 |
| 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 | 10,683 | 13,788 |
| **Contingency reserves** | | | |
| Environmental legal reserve | To manage the variation in legal costs associated with resource consents and enforcement | 7 | 10 |
| Flood contingency reserves | To help manage the costs for the repair of storm damage throughout the region. | 3,203 | 3,448 |
| Rural fire reserve | To help manage the costs of rural fire equipment. | 83 | 83 |
| **Special reserves** | | | |
| Election reserve | To manage the variation in costs associated with the election cycle | 187 | 246 |
| Corporate systems reserve | To manage the variation in costs associated with key IT infrastructure and software. | 1,040 | 1,028 |
| General reserve | To manage variation in costs associated with new initiative projects | 6,392 | 8,919 |
| Other reserve balances | Re-budgets and other reserve funds | 1,555 | 6,492 |
| **Total reserves (GST exclusive)** | | **28,223** | **39,161** |