



Greater Wellington Regional Council

Year In Review 2008

Summary of the Annual Report 2008



Fran Wilde, Chair,
Greater Wellington

This publication summarises Greater Wellington's Annual Report 2008, which reports on the achievements of the 2007/08 Annual Plan and the 2006-16 Long-Term Council Community Plan

Our past year's achievements

The year under review was busy for both Councillors and staff at Greater Wellington. Elections in October 2007 brought us five new Councillors, a new committee system and, as a result of early decisions by the new Council, some significant initiatives designed to future proof our region.

These include the development of a regional water strategy, a sustainable energy strategy and a regional approach to our response to climate change. Of course the issues are not new, but our new approach has two important features, driven by a need to build greater community resilience to changes beyond our control.

First, we aim to develop an integrated, long-term strategy to enable our community to make wise choices despite future uncertainties. As the physical and economic environments change, social pressures build. Strategies must be based on available knowledge and science, yet provide the flexibility to meet unforeseen external changes and community needs.

The second hallmark of these strategies is acknowledging the need for collaboration to find solutions to complex challenges. We are formally reaching out to other players (the community, central and local government,

and business) to seek agreement on direction, then building working relationships to ensure the best possible delivery by the appropriate party.

I am grateful to the local government leaders in the region for their commitment to this collaborative approach. The big, cross-boundary issues require a unified approach and largely we have that in the Wellington region.

‘ Last year we trialled a new community outreach process, holding public meetings around the region

Our communities have also shown a willingness to engage in dialogue. Water, energy and response to climate change are among a number of policy areas requiring significant behaviour changes from all of us. Behaviour change will not occur unless the community understands and is engaged in our policymaking processes.

Apart from the initiatives mentioned above, good examples of this are transport and flood protection. These are high on our priority list and community input on both continues to be lively and informed.

Last year we trialled a new community outreach process, holding public meetings

around the region to discuss transport challenges and trade-offs. Though attendance was not massive, interest and engagement among those who did come was high and we felt it was a worthwhile exercise.

Flood management also requires community input and support, so we will continue to consult with locals on this important infrastructure work.

In line with the more strategic approach towards water, energy and climate change, we also took first steps during the year towards using a total catchment management approach to all issues involving land, water and biodiversity. This aligns with our deepening relationship with regional iwi, who have urged a comprehensive approach to resource management, respecting the "mauri" of all things in our environment.

Local government has a mandatory responsibility to work with iwi. Our Council decided after the election that, rather than a minimalist approach, it would be mutually beneficial to invite regional iwi to nominate a representative for each of our standing committees. This arrangement is now in place and working well.

Our Council has a wide mandate, ranging from economic development (delivered by our regional economic development agency, Grow Wellington), through care of the region's physical resources to delivery of a number of services. We have made considerable progress, though it should be noted that

changes in demand, together with infrastructure deficits in some areas, are combining to put pressure on our financial resources. We are keen to demonstrate value for money, but the reality is that costs continue to increase, particularly as we are hostage to oil prices.

Even if we hold overheads to the rate of inflation, there will be continued rates increases in future years as we deliver enhanced public transport, as well as infrastructure to defend urban and rural areas from destruction by extreme weather events.

In this environment, decision making has to be prudent and considered – and in particular we need to understand when long-term leadership is required. Specific decisions will not always be popular at the time so it is important that the dialogue remains open. I welcome ideas from any residents on how to improve our delivery.

Finally, my warmest thanks to all who have worked within and alongside our Council in the past year – our staff, volunteers, business and community people, and others elected to look after parts of this region where we are so fortunate to live.



Fran Wilde
Chair

What does Greater Wellington do?

Water supply to reservoirs

Delivers high-quality treated water to the main reservoirs in each city.

Environmental management

Ensures the region's natural resources are used appropriately.

Regional parks and forests

Maintains a network of regional parks and forests for recreational use.

Metlink buses and trains

Coordinates and funds the region's Metlink public transport network.

Transport planning

Develops long-term plans for the region's transport network.

Emergency management

Coordinates civil defence emergency management for the region.

Flood protection

Helps communities protect themselves from the effects of flooding.

Pest control

Works with landowners to target pest plants and animals, and eradicate bovine Tb.

Harbour safety

Looks after navigational safety in Wellington and Porirua harbours, and the region's coastline.

Land management

Works with landowners to prevent or reduce soil erosion.

Regional economic development

Promotes the Wellington Regional Strategy – a sustainable economic-growth strategy.

Contribution to community outcomes

OUTCOMES	CONTRIBUTION IN YEAR ENDING 30 JUNE 2008
Healthy environment	<ul style="list-style-type: none"> • Prepared a new draft Regional Policy Statement and completed a public consultation process • Completed a Stormwater Plan of Action that is supported by all city and district councils • Responded to 1,376 pollution incidents and carried out several successful enforcement actions, eg, Exide Technologies • Worked with 22 manufacturing and process businesses as part of the EnviroSmart cleaner production programme • Carried out pest plant control on 33 sites and pest animal control on 88 sites • 81% of the region now has intensive possum control programmes • Introduced the Greater Wellington Environment Awards • Led a Greening Greytown initiative – when Greytown became Greentown for a month • Completed a wind map for the region and began work on a Regional Sustainable Energy Strategy • Supported eight covenant projects under the Queen Elizabeth National Trust private land protection programme • Planted 3km of new riparian (stream-side) planting and 1.5km of maintenance planting as part of our riparian management programme to increase biodiversity • Finalised funding arrangements for removing contaminated sediments from the lower reach of the Waiwhetu Stream
Quality lifestyle	<ul style="list-style-type: none"> • Increased the number of visits to our regional parks by 25% from last year • Achieved a 91% satisfaction rate from the 57% of the regional population that visited at least one regional park during the year. The number of park visits increased by 25% from last year • Ran the summer Regional Outdoors Programme – with 57 events attracting 14,105 people (30% more than last year)
Sense of place	<ul style="list-style-type: none"> • Supported 36 care groups to work on environmental restoration projects across the region • Involved 22 schools, 85 classes and 2,300 students in Take Action – our environmental education programme for schools
Prosperous community	<ul style="list-style-type: none"> • Processed 673 resource consents and reviewed our Resource Management Charging Policy • As part of the bovine Tb programme, carried out 168,800ha of possum control and 2,100ha of ferret control, and 177,600ha of feral animal surveys • Planted 412 hectares of soil conservation trees to stabilise erosion-prone land • Approved a Wellington Harbour Safety Management System designed to help both Greater Wellington and CentrePort Ltd manage the harbour more effectively
Prepared community	<ul style="list-style-type: none"> • Continued work on the 40-year programme to reduce flood damage in the region, with an expenditure of \$6 million • Completed seven Wellington Region Civil Defence Emergency Management Group plans (three to draft stage) • Managed 11 tsunami bulletins and 129 severe weather warnings • Added new emergency water connections in Pukerua Bay, Upper Hutt and Wainuiomata

Connected community

- Issued a draft Ngauranga to Wellington Airport Corridor Plan for public consultation, in partnership with Transit and the Wellington City Council
- Increased total passenger boardings across all public transport modes by 1.7% from 2006/07. There were 34.7 million boardings in 2007/08
- Signed the supply contract for new Matangi trains and exercised an option for 20 additional carriages
- Signed contracts for additional passenger trains to provide additional short-term capacity
- Brought the 11 remaining train carriages into service on the Wairarapa Line
- Completed the upgrade of the Wairarapa train stations
- Completed the Plimmerton rail subway extension
- Put new Wairarapa bus services into operation
- Developed a KapitiPlus ticket to include bus travel in the price of a rail ticket
- Involved 5,500 regional school children, 13 schools and six territorial authorities in initiatives to encourage active, sustainable and safe travel to school
- Involved about 12,000 employees and 20,000 tertiary students in programmes to encourage sustainable travel for journeys to and from work, and during the business day

Entrepreneurial and innovative region

- Grow Wellington, the region's economic development agency:
 - Launched Angel HQ, an angel investment club giving start-up and early-stage businesses access to capital (18 members)
 - Supported high-growth businesses through a business development programme (facilitated 112 start-up companies)
 - Continued to run Creative HQ, a business incubator (currently with 12 resident companies)
 - Established Activate, a new pre-incubation programme (25 businesses)
 - Identified four areas to be developed as "centres of excellence" – screen and digital technologies, sustainable and renewable energy, biotechnology and life sciences, and natural hazard preparedness

Essential services

- Collected, treated and delivered 55,654 million litres of water to Upper Hutt, Lower Hutt, Wellington and Porirua cities
- Began consultation on a number of short-term water supply options for the four cities and decided on a preferred new water source for the future – should this be needed because of population growth or for security of supply purposes
- Began work on a regional water strategy

Healthy community

- Supplied water that complied fully with the Ministry of Health's Drinking Water Standards
- Achieved A1 gradings at Te Marua and Wainuiomata water treatment plants (the highest grade possible) and Waterloo retained its B grading
- Began developing a regional recreation strategy for our regional parks and forest areas
- Endorsed "At the Heart" (the Wellington Urban Region Physical Activity Strategy) – a collaborative approach to promoting and facilitating physical activity

Strong and tolerant community

- Continued to operate Ara Tahi, Greater Wellington's inter-iwi representative group
- Progressed the appointment of iwi representatives on Council committees
- Agreed to set up a Greater Wellington Disability Reference Group

Financial overview

Greater Wellington's operating deficit for the 2007/08 year, before unrealised gains, was \$4.877 million compared with a budgeted deficit of \$18.674 million. Operating expenditure was \$41.641 million below budget. This lower expenditure, in turn, reduced revenues from the Crown in respect of various transport projects.

Operating expenditure was below budget due to the following:

- A number of rail infrastructure upgrade projects (eg, the Johnsonville Line, upgrading the signals and electrical systems, the MacKays to Waikanae double tracking and electrification (\$18.075 million), extra capacity rolling stock (\$9.868 million) and other rail-related expenditure (\$5.205 million)), were delayed as the specifications of the new Matangi Electric Multiple Units were not finalised
- Materials, supplies and services costs were \$3.554 million lower as a result of lower chemical and power costs, and delays in a number of projects, such as Whitireia Park
- Personnel costs were lower due to staff vacancies
- Depreciation was \$1.03 million below budget due to the water assets not being revalued in 2007 as budgeted

Greater Wellington's net deficit for the year, after unrealised gains and tax, was \$2.542 million compared with a budgeted net deficit of \$14.865 million.

Greater Wellington and its subsidiaries (the Group) achieved a surplus after tax of \$14.235 million.

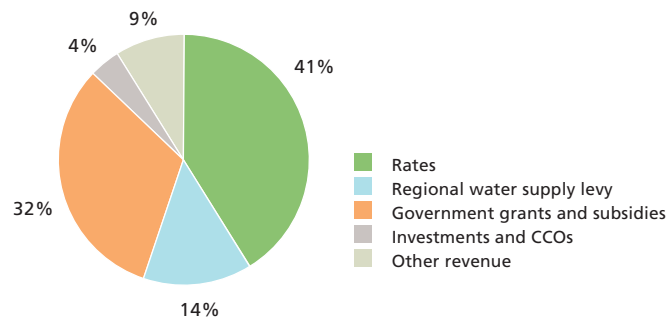
The Group surplus excludes grant expenditure of \$13.216 million for the purchase of rail rolling stock, which is eliminated in the Group financial statements.

Summary income statement for the year ended 30 June 2008

	Greater Wellington			Group	
	Actual 2008 \$000s	Budget 2008 \$000s	Last year 2007 \$000s	Actual 2008 \$000s	Last year 2007 \$000s
Revenue	168,472	196,876	159,300	220,691	211,246
Operating expenditure	(168,934)	(210,575)	(163,912)	(190,946)	(178,446)
Finance costs	(4,415)	(4,975)	(4,760)	(13,320)	(13,063)
Operating surplus/(deficit)	(4,877)	(18,674)	(9,372)	16,425	19,737
Unrealised gains and losses	2,335	3,809	4,786	1,011	18,119
Net surplus/(deficit) for the year before tax	(2,542)	(14,865)	(4,586)	17,436	37,856
Tax	-	-	-	(3,201)	(4,256)
Net deficit for the year after tax	(2,542)	(14,865)	(4,586)	14,235	33,600
Attributed to:					
Minority interest	-	-	-	1,604	4,428
Equity holders of parent	(2,542)	(14,865)	(4,586)	12,631	29,172
Net surplus/(deficit) for the year after tax	(2,542)	(14,865)	(4,586)	14,235	33,600

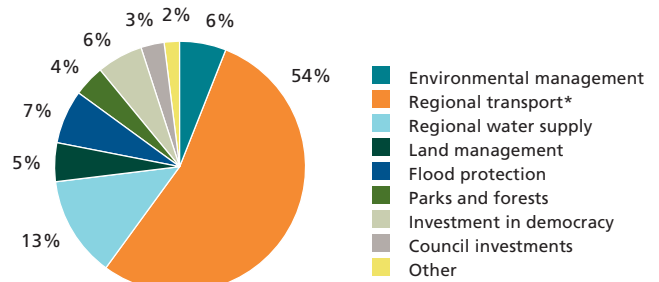
Council revenue

This pie chart illustrates Greater Wellington's revenue sources. Rates make up just 41% of our revenue total, with grant revenue making up the next largest share. Central Government grants to assist with the funding of public transport make up the majority of grant revenue.



Council operation expenditure

This pie chart shows our operational expenditure. By far the largest proportion is on regional transport, including investment in rail rolling stock and upgrades to transport infrastructure.



* Includes \$31 million of transport improvements

Average rates collected per property

Over the past five years, rates per property have increased by an average of 3.7% per year.



Cash flows for the year ending 30 June 2008

The summary cash flows statement shows how we generated and used cash. The overall net increase or decrease represents the change in our cash and cash equivalents arising from operating, investing and financing activities.

Summary cash flows statement for the year ending 30 June 2008

	Greater Wellington			Group	
	Actual 2008 \$000s	Budget 2008 \$000s	Last year 2007 \$000s	Actual 2008 \$000s	Last year 2007 \$000s
Cash flows from operating activities	8,631	(7,833)	(7,135)	20,037	3,282
Cash flows from investing activities	(27,143)	(26,100)	(8,951)	(82,085)	(38,699)
Cash flows from financing activities	4,583	33,933	7,808	48,745	27,492
Net (decrease) in cash, cash equivalents and bank overdraft	(13,929)	-	(8,278)	(13,303)	(7,925)

- Actual cash flow from operating activities is higher than budget, and cash flow from financing activities is lower than budget, due to lower than expected expenditure on transport improvements

Summary statement of changes in equity for the year ended 30 June 2008

	Greater Wellington			Group	
	Actual 2008 \$000s	Budget 2008 \$000s	Last year 2007 \$000s	Actual 2008 \$000s	Last year 2007 \$000s
Equity – opening balance as at 1 July	602,058	566,464	559,956	750,238	661,694
Asset revaluation movements taken directly to equity	10,865	-	46,688	10,158	53,829
Asset revaluation movements taken directly to equity minority interests	-	-	-	-	1,946
Net income recognised directly in equity	10,865	-	46,688	10,158	55,775
Net surplus/(deficit) for the year	(2,542)	(14,865)	(4,586)	14,235	33,600
Total recognised income and expenses for the year	8,323	(14,865)	42,102	24,393	89,375
Attributable to:					
Equity holders of the parent	8,323	(14,865)	42,102	22,789	84,947
Minority interest	-	-	-	1,604	4,428
Total recognised income and expenses for the period	8,323	(14,865)	42,102	24,393	89,375
Dividend to minority interest	-	-	-	(1,102)	(831)
Total movement for year	8,323	(14,865)	42,102	23,291	88,544
Balance as at 30 June	610,381	551,599	602,058	773,529	750,238
Movement in equity attributable to:					
Equity holders of the parent	8,323	(14,865)	42,102	22,789	83,001
Minority interests	-	-	-	502	5,543
Total movement in equity	8,323	(14,865)	42,102	23,291	88,544

Summary balance sheet as at 30 June 2008

	Greater Wellington			Group	
	Actual 2008 \$000s	Budget 2008 \$000s	Last year 2007 \$000s	Actual 2008 \$000s	Last year 2007 \$000s
Current assets	59,592	62,377	81,840	67,356	87,834
Non-current assets	643,593	602,492	618,539	988,501	899,006
Total assets	703,185	664,869	700,379	1,055,857	986,840
Current liabilities	80,192	21,921	67,326	269,016	120,600
Non-current liabilities	12,612	91,349	30,995	13,312	116,002
Total liabilities	92,804	113,270	98,321	282,328	236,602
Net assets	610,381	551,599	602,058	773,529	750,238
Equity attributable to:					
Equity holders of the parent	610,381	551,559	602,058	728,896	706,107
Minority interest	-	-	-	44,633	44,131
Total equity	610,381	551,599	602,058	773,529	750,238

- Non-current assets are higher than budget as Greater Wellington has revalued its investment in subsidiaries as required by NZ IFRS. Equity has increased accordingly
- Current and non-current liabilities differ from budget due to the transfer of debt into current liabilities



Fran Wilde
Chair
29 September 2008



David Benham
Chief Executive
29 September 2008



Barry Turfrey
Chief Financial Officer
29 September 2008

Audit Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the readers of Wellington Regional Council and Group's Summary Annual Report for the year ended 30 June 2008

We have audited the summary annual report.

Unqualified Opinion

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the information reported in the summary financial statements complies with FRS-43: Summary Financial Statements and is consistent with the full financial statements from which it is derived.

We expressed an unqualified audit opinion, in our report dated 29 September 2008, on:

- the full financial statements; and
- the Regional Council and group's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

Basis of Opinion

Our audit was conducted in accordance with the Auditor General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

During the year we undertook an assurance assignment reviewing the tendering processes over the Greater Wellington Rail Project for the Regional Council. We also performed an audit of the Long Term Council Community Plan.

Other than the assurance assignment and the audit of the Long Term Council Community Plan, we have no relationship with or interests in the Regional Council or any of its subsidiaries.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report and we are responsible for expressing an opinion on that report. These responsibilities arise from the Local Government Act 2002.



A P Burns, Audit New Zealand
On behalf of the Auditor General
Wellington, New Zealand
29 September 2008

Matters relating to the electronic presentation of the audited Summary Annual Report

This audit report relates to the Summary Annual Report of the Wellington Regional Council and Group's Summary Annual Report (the Regional Council) for the year ended 30 June 2008 included on Regional Council's website. The Regional Council's Council is responsible for the maintenance and integrity of the Regional Council's website. We have not been engaged to report on the integrity of the Regional Council's website. We accept no responsibility for any changes that may have occurred to the Summary Annual Report since they were initially presented on the website.

The audit report refers only to the Summary Annual Report named above. It does not provide an opinion on any other

information which may have been hyperlinked to/from this Summary Annual Report. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited Summary Annual Report and related audit report dated 29 September 2008 to confirm the information included in the audited Summary Annual Report presented on this website.

Legislation in New Zealand governing the preparation and dissemination of the Summary Annual Report may differ from legislation in other jurisdictions.

This is a summary of Greater Wellington's activities for the year 1 July 2007 to 30 June 2008. The information has been extracted from our *Annual Report 2008*, which was authorised for issue by the Chair, Chief Executive and Chief Financial Officer on 29 September 2008. It has been prepared in accordance with FRS-43: Summary Financial Statements. The annual report contains detailed information about our finances and service performance. Audit NZ has audited the full financial statements and issued an unqualified report. This summary has been examined by Audit NZ for consistency with the full Annual Report.

Greater Wellington is a public benefit entity for financial reporting purposes. The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice, and comply with New Zealand Equivalents to IFRS and other applicable Financial Reporting Standards, as appropriate for public benefit entities. The financial statements include a Statement of Compliance to this effect.

A summary report cannot be expected to provide as complete an understanding of Greater Wellington's activities as provided by the full annual report. For the full *Annual Report 2008*, please see www.gw.govt.nz or phone 0800 496 734.