

# **2006 Draft Annual Report**

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## Annual highlights

More people than ever are using the region's network of bus, train and harbour ferry services. A Greater Wellington survey shows that total patronage of these services in 2005/06 was 35 million passenger trips, an increase of 2.6 million (8.1%) over the previous year. At the same time, average congestion over the region's key roads and motorways decreased by 17% in March 2006 compared with the previous March.

- Greater Wellington is doubling its investment in the region's public transport over the next ten years to maintain and upgrade public transport services.
- After extensive public consultation, we published our Long-term Council Community Plan for the years 2006 – 2016. The plan focuses on delivering critical infrastructure and core services such as public transport, flood protection, water supply and our regional parks network, as well as investing in key strategic assets.
- As extreme weather events become more common, we have worked hard to maintain the region's flood defences. Our work in soil conservation and our catchment management schemes have become increasingly important. We have more than 300 active soil conservation plans to reduce erosion and have planted 250,000 trees and poles from our nurseries in this financial year.
- We have worked with other councils, emergency services and health providers to plan for and deliver emergency management in the region. We have also completed a risk assessment of Wellington Harbour, which forms the basis of our Safety Management System for the harbour.
- In 2005/06, more people were involved in caring for the environment through activities such as our community Take Care groups, the Take Charge environmental education programme for businesses and the Take Action environmental education programme for school children.
- The water supply levy for 2006/07 is unchanged. This is the tenth year in a row that we have either held or cut the cost of bulk water supply to the region's four cities. All of the water supplied from our network met the Ministry of Health's drinking water standards.
- Our monitoring work and pest control programmes continue to maintain the ecosystem health of our regional parks, forests and water collection areas.
- The Government assisted Greater Wellington to purchase Waitangirua Farm from Landcorp so we could include it in our regional parks network.
- Through our Regional Outdoors Programme, held from January to April 2006, we provided 52 events aimed at encouraging the community to get out and enjoy our regional parks.
- We promoted new developments in renewable energy by making some of our land available, for a fee, to developers. The first proposal is for a wind farm at Puketiro, near Pauatahanui.
- We have been working with local councils and the business community to develop a Wellington Regional Strategy, aimed at ensuring a regional approach to sustainable economic development opportunities and issues.

## Chairman's report

I am sometimes asked by residents and ratepayers what value they get from local and regional government. This annual report encapsulates the wide range of activity we've undertaken over the year and shows, I believe, that we have delivered value to the region across the areas of environment and land management, flood protection, regional transport, water supply, and parks and forests.

### Transport solutions

More people than ever are using the region's public transport services. A survey undertaken this year shows total patronage of the region's bus, train and ferry services was 35 million passengers trips in 2005/06, up by 2.6 million over the previous year. The impact of this increase was less congestion on our key roads and motorways, which is an extremely encouraging result.

Finding solutions to the region's transport issues isn't easy because the solutions are accompanied by an enormous financial cost. However, I believe we've made good progress in this area over the past 12 months. We're committed to improving the region's public transport systems and over the next ten years, we are doubling our investment in public transport.

Upgrading rail services with new trains and improving the rail infrastructure is a priority and processes are already underway to purchase the trains. I can, however, appreciate people's frustrations at the length of time it will take for many of these improvements to occur.

Among the projects announced or underway are:

- new trains for the Wairarapa line in 2007
- refurbished trolley buses in Wellington City
- the purchase of up to 70 new electric trains for the Hutt and Kapiti lines (entering service from 2010) and refurbishment of existing trains
- upgraded stations and new stations on the Kapiti, Hutt and Wairarapa lines
- design and geotechnical investigation of the Transmission Gully Motorway.

A milestone this year was achieving an agreed regional approach to the issue of how to fix road transport problems on the Western Corridor. The region has agreed that the Transmission Gully Motorway is the preferred option, and detailed design and geotechnical investigations will now go ahead. This is a major step forward after years of uncertainty.

How Greater Wellington should contribute to the regional community over the next decade was a major theme of the councillors' work on our 2006 – 2016 long-term plan, prepared during the year. In our discussions, councillors came to the clear view that we should focus on delivering core services and investing in key strategic assets, and not venture into new activities.

## Chairman's report

That meant some worthwhile proposals outside of our core areas did not get funded. Instead, we've focused on delivering good-quality public transport, bringing forward improvements to our flood protection systems and strengthening our popular parks network.

### Working with the rural community

Part of our core business is our work with the rural community. This involves long-term projects such as soil conservation and catchment management schemes. This work is becoming increasingly important as extreme weather events, possibly linked to climate change, become more common.

Our soil conservation work now involves more than 300 active soil conservation plans to reduce erosion on erosion-prone land. This year, we have planted 250,000 trees and poles from our nurseries.

We have also worked hard to maintain the region's flood defences – work that has paid off as damage to farmland and community assets has been minimised during recent flood events. Underpinning all this work is an increasing recognition in the rural community that good land use planning is essential for the future management of our catchments.

### Parks extended

Increasingly, the community is looking to support and work with Greater Wellington on projects that protect our environment or contribute to a more sustainable economic, social and cultural future for the region. A good example is the way in which the region's community and Greater

Wellington worked together to convince the Government to purchase Whareroa Farm and to assist Greater Wellington with the purchase of Waitangirua Farm.

Whareroa will be owned by the Department of Conservation but may be managed by Greater Wellington in association with our management of neighbouring Queen Elizabeth Park. Waitangirua will be integrated into Belmont Regional Park, ensuring this important recreational asset remains in public hands.

Greater Wellington also undertook extensive public consultation on plans to promote wind farming on our lands. We will not become a developer of wind farms but as a result of strong public support, we have decided to make some of our land available, for a fee, to developers. The first proposal is for a wind farm at Puketiro, near Pauatahanui. There was overwhelming support from local communities for the proposal and we are now selecting potential developers. The double benefit to the region is increased income from non-rating sources and more renewable energy.

### Regional approach

With a longer-term focus, Greater Wellington has been working with city and district councils, and with the business community, to develop a regional economic development strategy. I am convinced we need a regional approach to economic development issues, and I'm impressed by the way the business community has contributed to this opportunity to shape our region's future.

## **Chairman's report**

Overall, I think we achieved a great deal for the region in 2005/06. We have made significant progress on transport issues and are taking steps to strengthen key infrastructure in parks and flood protection, while promoting new developments in renewable energy and economic development. All of these activities make a tremendous contribution to the region, and to my mind demonstrate that local government delivers value to its community.

**Ian Buchanan**

Chairman

## Chief executive's report

This was a challenging but very productive year for Greater Wellington Regional Council on a number of fronts. Although transport issues inevitably took centre stage, other related and important decisions affecting the region's future were made during the development of our Long-term Council Community Plan. Taken together, this work sets a solid basis for the region's economic, social and environmental health.

### Investing in transport

If there has been one big issue that has occupied staff and councillors' time over the past year it has been investing and planning for our road and rail transport systems.

Over the year, we have achieved substantial progress toward resolving transport problems that have vexed the region for years. While the public focus has been on the politics and community response to these issues, much of my focus has been working with staff to deliver the advice and information needed to make decisions and get buy-in from stakeholders.

The work has been complex and detailed, encompassing a range of issues from the economics of the rail network to the community response on major motorway plans. Bringing these projects to the point where we can reach agreement on funding and then purchasing the services requires a huge amount of background work.

To achieve our objectives we work closely with government agencies such as Land Transport New Zealand and Transit New Zealand, and with

private sector suppliers such as Stagecoach, Mana Coachlines and Toll NZ.

The team working on these projects has been dedicated to achieving the best possible result for the region and I'm very proud of the work they have done. Over the next few years, the results of this work will become apparent as refurbished buses and trains, improved services and better roads are developed. The benefits to the region and the community of this hard work and investment will last for many years.

### Core business activities

A major focus of our work has been to develop our Long-term Council Community Plan (LTCCP) for 2006 – 2016.

One of our goals was to keep down the costs of running the organisation during a period when we need to make substantial investments in transport, flood protection and other infrastructure. I am pleased to report that regional rates, excluding transport, have increased by only 1.5% for 2006/07. The water supply levy has not increased at all for the tenth consecutive year.

The 2006 – 2016 LTCCP is very much focused on investing in the critical infrastructure that the region needs for its economic, social and environmental health.

This focus reflects political decisions that Greater Wellington will keep to our core business activities and not get involved in funding other worthwhile, but non-core activities. While this decision no doubt

## **Chief executive's report**

disappointed some people, it was essential if we are to put in place the transport, flood protection, parks and water supply infrastructure that the region will need in the future.

I am pleased at the direction of the LTCCP and with the decision to invest in critical infrastructure. This investment is not cheap, but as with transport, the results of this investment will be long-lasting.

### **First annual report**

This is my first annual report since being appointed chief executive in September 2005. Since then, the time has passed quickly as we've dealt with transport issues, developed a new long-term plan, set the rates and coped with several major flooding events in the Wairarapa and Hutt Valley

Greater Wellington's role in the region is now well-established. Increasingly, we are working closely with staff from city and district councils to achieve the aspirations and goals of the wider region on cross-boundary issues such as transport, flood protection and pest control. Dealing with issues such as the impact of the changing climate on our flood protection and water supply systems cannot be done in isolation and require a cross-regional approach.

Finally, I would like to thank my hard-working and committed staff. Working with them and with the Council, I am focused on ensuring that we deliver our core business efficiently and manage our investment in core infrastructure to secure the region's future.

**David Benham**  
Chief Executive



## Wellington region

### Some facts about the region

- The Wellington region covers a land area of 813,005 hectares, and a maritime area of 786,700 hectares. There are 497 kilometres of coastline.
- The population of the Wellington region is 460,300 (Statistics New Zealand, estimated resident population, June 2005)
- Greater Wellington manages 320 kilometres of river channels and 280 kilometres of stopbanks. We are responsible for one of the largest flood protection schemes in New Zealand.
- Approximately 35 million passenger journeys were made on the region's public transport system in 2005/06.
- Greater Wellington collects, treats and delivers approximately 155 million litres of high-quality water per day, on average, for the city councils of metropolitan Wellington.
- Greater Wellington manages possum control programmes on approximately 637,000 hectares of land in the region.

Greater Wellington manages 50,000 hectares of regional parks, forests and water collection areas.

## **Community outcomes**

This annual report is the third produced under the Local Government Act 2002, with its emphasis on linking what Greater Wellington does to outcomes desired by the community and to the community's well-being.

It is also the final report against our ten-year Long-term Council Community Plan 2003 – 2013, where we identified fifteen general outcomes desired by the community and ten more specific outcomes (Take 10 Quality for Life outcomes) where Greater Wellington would particularly contribute. We also identified six groups of activities that would help us achieve those ten outcomes. These groups are environment management, regional transport, water supply, land management, flood protection, and parks and forests.

The linkages between our activities and the Take 10 Quality for Life outcomes are shown on the next page.

Each of the Take 10 Quality for Life outcomes has long-term targets. Our progress towards those targets is summarised on pages 11 to 16.

Legislation requires that the annual report comments on the effects of our activities on the social, economic, environmental or cultural well-being of the community. These effects and the contributions of our six groups of activities are described in the introduction to each section.

Following extensive public consultation, Greater Wellington adopted its new Long-term Council Community Plan 2006 – 2016 in July 2006. It has a new set of community outcomes that reflect the type of place that people want the Wellington region to be.

### **Take 10 Quality for Life**

**BIODIVERSITY**

**WATER**

**AIR**

**ENERGY**

**LAND**

**TRANSPORT**

**WASTE**

**RECREATION & PARKS**

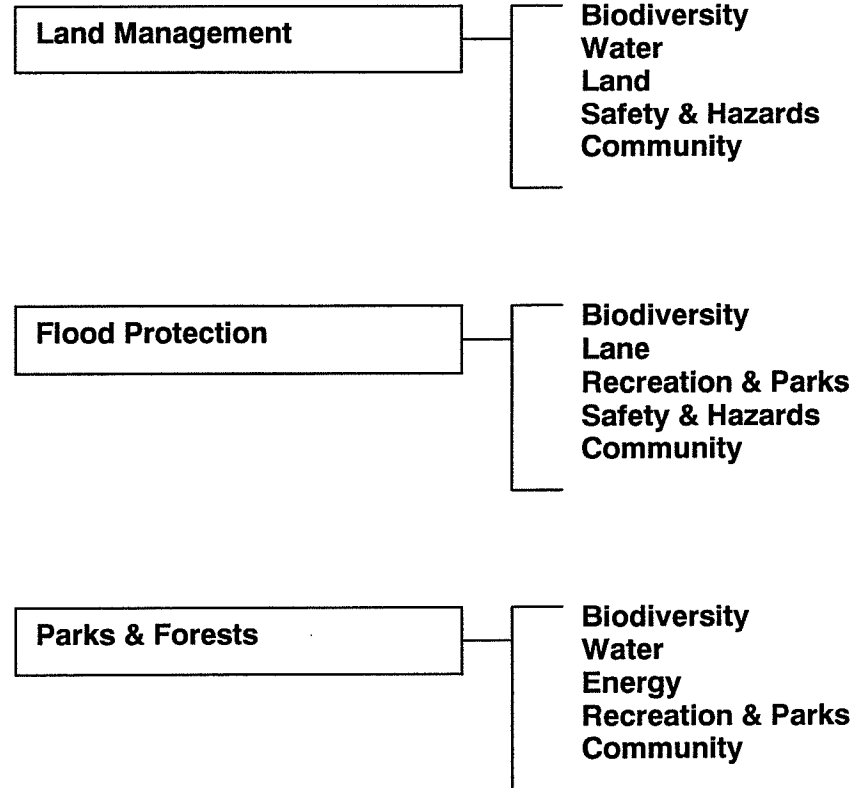
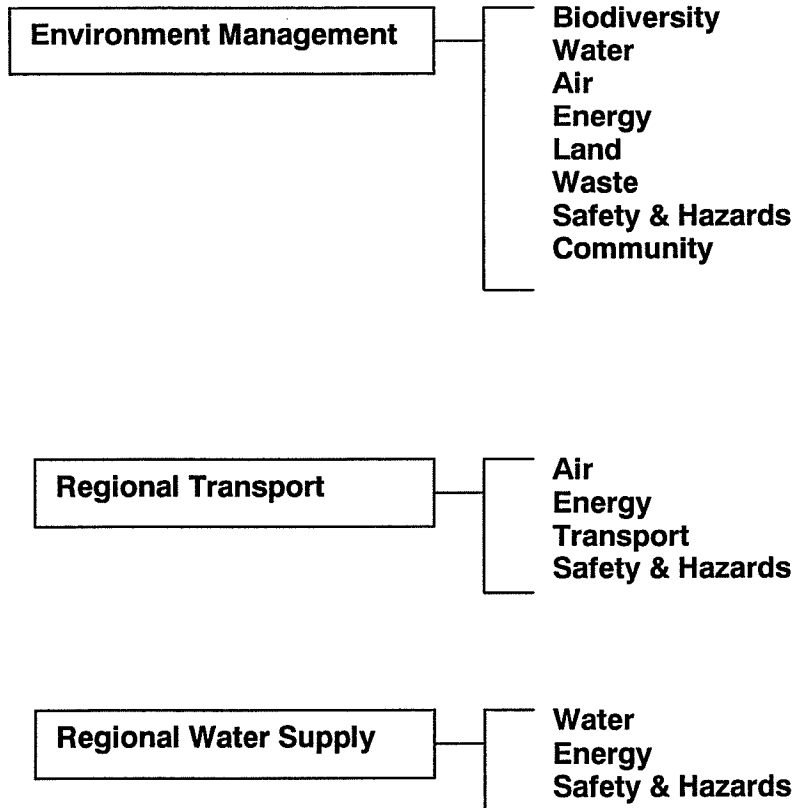
**SAFETY & HAZARDS**

**COMMUNITY**

# Linkages

Below we have summarised the linkages between “what Greater Wellington does” and “why Greater Wellington does it” – our contribution to achieving desired community outcomes.

More information about the outcomes and our contribution to them is contained in our 2003-2013 Long-term Council Community Plan adopted on 30 June 2003.



## Outcomes and targets

### Take 10 Quality for Life targets to 2013

#### Biodiversity

50 wetlands on private land legally protected).

400 native forest areas on private land protected.

80% of our region under intensive possum control.

#### Water

A wholesale water supply system that produces high-quality water fully complies with resource consent conditions and the Resource Management Act 1991, and meets essential needs in drought and natural disasters.

### Progress summary to 30 June 2006

Two additional wetlands on private land were approved for covenants, with our financial support, in 2005/06 (30 in 2005).

Thirteen additional native forest areas on private land were approved for covenants, with our financial support, in 2005/06 (166 in 2005).

Vector (possum and ferret) control operations undertaken under the bovine Tb National Pest Management Strategy totalled 321,570 hectares (509,216 hectares in 2005).

Possum control areas undertaken under all of Greater Wellington managed schemes totalled 637,150 hectares – or 78.4% of the region in 2006 (78.4% in 2005).

Hutt Valley District Health Board has confirmed full compliance for the 2005 calendar year with the microbiological and chemical requirements of the Drinking Water Standards for NZ 2000. This is for water leaving our water treatment plants and within the bulk distribution system.

Since January 2006, a more stringent standard has been in place and our records show that we have complied with its conditions.

## Outcomes and targets

### Water continued

The water quality of our six most polluted streams and rivers improves. These are the Ruamaganga River and the Waiwhetu, Waitohu, Kaiwharawhara, Ngarara and Makoura streams.

No significant deterioration of water quality in our key streams and rivers (list available from Greater Wellington).

Coastal water quality does not fall below the standard for which it is being managed: i.e. “contact recreation standard” for urban areas and “shellfish gathering standard” for remaining areas.

74 resource consents were held at 30 June 2006. Of these two consents were not complied with and one was partially complied with. Remedial has been taken in these three cases.

Customer reservoirs were over 70% full for at least 90% of the time.

The technical report on water quality completed in July 2005 showed that the quality of the Ngarara and Waitohu Streams has improved since 1999, while the others showed no change.

The technical report on water quality completed in July 2005 showed no significant deterioration of water in our key streams and rivers.

Forty seven (61.8%) of the 76 coastal sites monitored for bathing quality over the past summer achieved 100% compliance.

Nineteen sites (25%) exceeded the guidelines on one occasion and ten sites (13.2%) exceeded the guidelines on two or more occasions.

In most cases where the guideline was exceeded, the reason was associated with rainfall in the 72 hours before sampling.

## Outcomes and targets

### Air

No recorded instances when air pollution reaches the 'alert' level of the national air quality guideline.

### Energy

Fewer than 400 million litres of petrol and diesel used for transport purposes per annum.

At least a 500% increase in electrical energy produces from renewable energy sources in the regions.

Greater Wellington Regional Council's "carbon footprint" reduced by 10% per annum.

In the period to June 2006, there were 16 recorded instances where the 'alert' level for fine particulate matter (PM<sub>10</sub>) was reached. These were:

- Masterton – ten times
- Lower Hutt – once
- Wainuiomata – four times
- Upper Hutt – once.

The 'action' level for PM<sub>10</sub> was reached once in Masterton in June 2006.

During 2005/06, 464 million litres of fuel were sold within the region. This represents a 1% increase over 2004/05 (459 million litres).

Meridian Energy has been granted resource consents for a 210 MW wind farm proposal for west Wellington. The consents have been appealed to the Environment Court. If developed, it will produce about 860 GWh a year (32 GWh in 2004/05).

We have also made land available for a wind farm at Puketiro, near Pauatahanui.

A baseline figure of 4707 tonnes of carbon equivalent was established for the 2003/04 year, using the national best practice methodology EBEX21 managed by Landcare Research. Our carbon footprint has increased to in 2005/06 to a level of 4,823, as we pumped additional water throughout the region.

## Outcomes and targets

### Land

5,000 additional hectares of erosion-prone land under sustainable management practices.

No overall deterioration in the health of our soils.

### Transport

Less than 45% of work trips into central Wellington made by private car.

A 70% increase in walking and cycling for short trips.

Average travel times to key facilities do not increase.

Stabilising of erosion-prone land is progressing. Another 421 hectares of soil conservation trees were planted during 2005/06 using sustainable management practices (57,263 hectares in 2005).

Baseline monitoring of soil health is largely complete. Repeat monitoring is continuing to determine any change in the state of the region's soils.

The 2013 LTCCP target was met in 2001 (45% of work trips into central Wellington made by private vehicle) based on national census (five yearly) statistics on journey to work.

This information will be updated on a five-yearly basis when new census information becomes available.

In 2006, the percentage of trips up to 1 km made using active modes remained the same. However, there was a 42% increase in the number of trips between 1-2 kms made by active modes.

The March 2006 travel time survey on representative routes showed a 17% decrease in congestion from 2004/05.

## Outcomes and targets

### Waste

Greater Wellington Regional Council's waste reduced by half.

Waste surveys undertaken at our Wellington office showed a daily reduction in waste from 111 kgs in 2003/04 to 23 kgs in 2005/06 (a 79% reduction). During 2004/05, our rubbish collection from all our sites was reduced by 369,000 litres, a 35% decrease on the previous year.

Reported pollution incidents reduced by half.

During 2005/06, 1,362 incidents were reported across the region. This represents a 19% increase on the 1,141 reported incidents in 2002/03, which is the baseline used for assessing this target.

80% of business surveyed have waste reduction initiatives in place.

No businesses were surveyed on their waste reduction initiatives. However, 36 businesses have participated in waste reduction projects initiated during the year. The Take Charge programme for business carried out 30 audits during the year.

### Recreation and parks

75% of the region's population visit a regional park in any one year.

49% of survey respondents reported that they had visited a regional park in 2005/06 (51% in 2004/05).



## Outcomes and targets

### Safety and hazards

No major damage or loss of life as a result of a flood event

70% of organisations and households have an emergency plan and survival supplies.

No significant accidents in our harbours and coasts.

Safety concerns do not stop people using public transport

### Community

Five new care groups per annum.

80% of all people surveyed are doing something positive for the environment.

There were no major flood events in the year to 30 June 2006.

A survey on community preparedness was conducted in 2006. It showed that:

- 27 % (26% in 2005) have an emergency plan
- 70% of households (67% in 2005) have emergency supplies
- 71% (69% in 2005) have emergency water supplies.

One fatality was recorded in Wellington Harbour during 2005/06.

Less than 1% of those who said they had not used public transport in the previous 12 months cited safety concerns as a reason for not using public transport.

Three new care groups were established in 2005/06. Two further groups, which had completed their original projects, re-applied and gained approval for new projects at new sites.

76% of people reported positively in 2006 (77% in 2005).

## Maori capacity

### **Providing opportunities for Maori to contribute to decision-making processes**

Greater Wellington has a long-standing and well-developed relationship with iwi in the region. Underpinning the relationship is the Charter of Understanding that iwi and Greater Wellington signed in 1993. When the Charter was reviewed in July 2000, its scope was expanded to include all areas of council business.

Following the review, Greater Wellington developed a policy to strengthen the relationship between the tangata whenua and Greater Wellington. This policy contains a range of initiatives that enable iwi to participate better in council functions. Greater Wellington's progress in these areas is outlined below.

### **Ara Tahi**

Ara Tahi is Greater Wellington's inter-iwi representative group. The forum, which met formally six times last year, provides collective discussion and policy advice to Council.

Two representatives from Ara Tahi are on the Wellington Regional Strategy Forum, enabling Ara Tahi to have an input into the development of the Strategy. Ara Tahi also receives regular reports on the Strategy's progress.

### **Regional Land Transport Committee**

A member of Ara Tahi and an Alternate are on the Regional Land Transport Committee to represent cultural interests.

### **Environment Committee**

The Chair of Ara Tahi was appointed to the Environment Committee with full voting rights.

### **Resource consents**

Maori hearing commissioners sat on resource consent hearings. This provided iwi with a direct involvement in decision-making. Iwi are also contracted to provide comment on all non-notified resource consents.

Two iwi representatives successfully sat the second level accreditation training for hearing commissioners and another three representatives sat the first level of this training.

### **Technical workshops**

Greater Wellington ran four technical workshops for Ara Tahi this year. The workshops were on the following topics: electoral matters; the Wellington Regional Strategy Growth Framework and the Western Corridor; iwi appointees to resource consent hearings and amendments to the Resource Management Act 1991; and the Regional Policy Statement.

## **Maori capacity**

We resourced six iwi representatives to attend a national kaitiaki hui in the Waikato.

### **Iwi projects**

Greater Wellington supports iwi to undertake mutually beneficial projects that also assist iwi to become more involved in the management of resources. This year the Wellington Tenth's Geographic Information Systems project was concluded with an agreement on sharing data, developing protocols and data transfer to Greater Wellington. Te Runanganui o Taranaki Whanui completed an iwi management plan, and a proposed project at Hongoeka Quarry in Plimmerton was investigated by Greater Wellington soil conservation staff.

### **Maori policy advisors**

Greater Wellington employs two specialist Maori policy advisors. These staff enable Greater Wellington to assist iwi, and to build and maintain stronger relationships.

## Financial overview - Council

### Operating results

Greater Wellington's net operating surplus for the 2005/06 year was \$5.880 million compared with a budgeted surplus of \$8.108 million. Significant components of this surplus were:

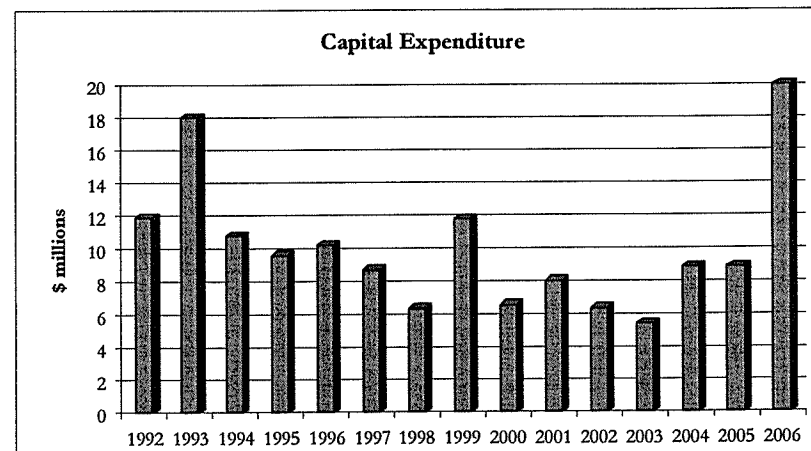
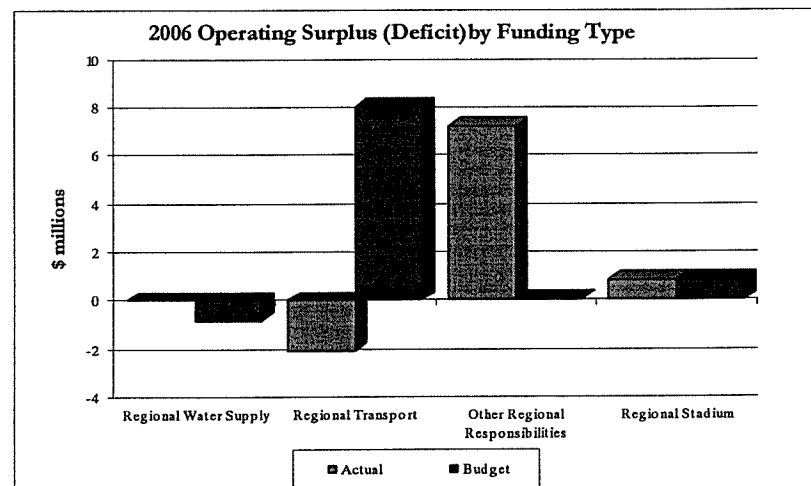
- Grants of \$2.800 million received from the Government in respect of Waitangirua Farm purchase, which were unbudgeted.
- The completion of repairs from the 2004/05 floods resulted in improved flood protection assets. \$1.1 million of operating expenditure was capitalised at year end.
- Progress on transport capital expenditure was delayed due to the difficulty in finalising key transport contracts. This resulted in Central Government grant revenue for transport capital expenditure being \$9.1 million below budget.
- Increased costs of diesel and electricity continued to place pressure on the public transport budget.

### Capital expenditure

Capital expenditure for the twelve months was \$20.9 million compared with the budget of \$27.3 million, a variance of \$6.411 million.

Notable projects advance and/or completed in 2005/06 included:

- \$6.6 million of improvements to the water network
- \$6.4 million of flood protection measures, including the completion of the 2004/05 flood damage
- purchase of Waitangirua Park from Landcorp for \$5.6 million.



# Financial overview - Council

## Financial performance

### Revenue

The adjacent graph illustrates Greater Wellington's revenue sources. Rates make up just 42% of our revenue total, with grant revenue from Central Government making up the next largest share. These grants largely assist the funding of public transport.

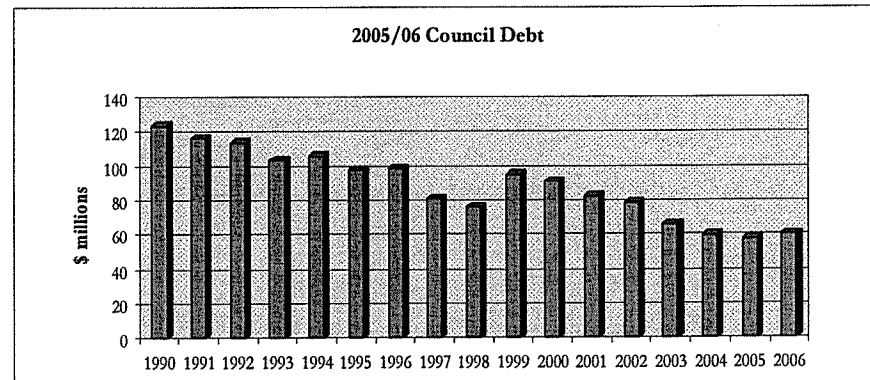
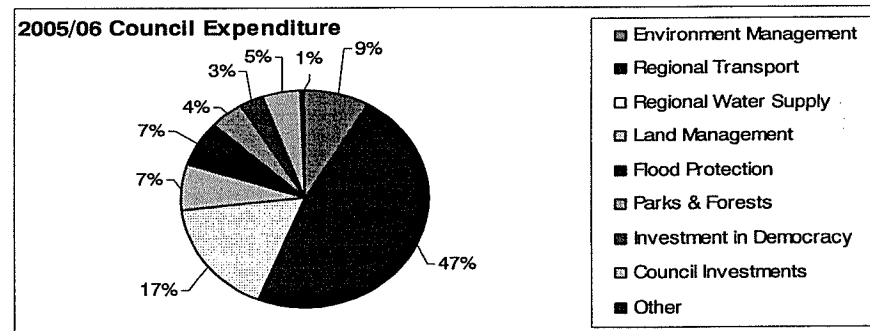
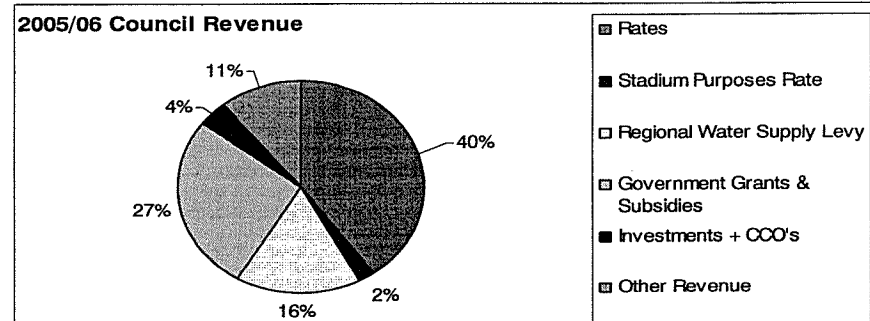
### Operating expenditure

This graph shows where our operational expenditure occurs. In the coming years the proportion of both revenue and expenditure on regional transport is increasing.

### Debt

Greater Wellington's debt position increased by \$2.3 million during the year. The purchase of Waitangirua Park, which was not budgeted at the beginning of the year, contributed to this increase.

Since 1990, Council debt has reduced from \$123 million to \$60 million. Over the next few years, debt will increase as our investment in regional transport upgrades gets underway.



## Financial overview - Council

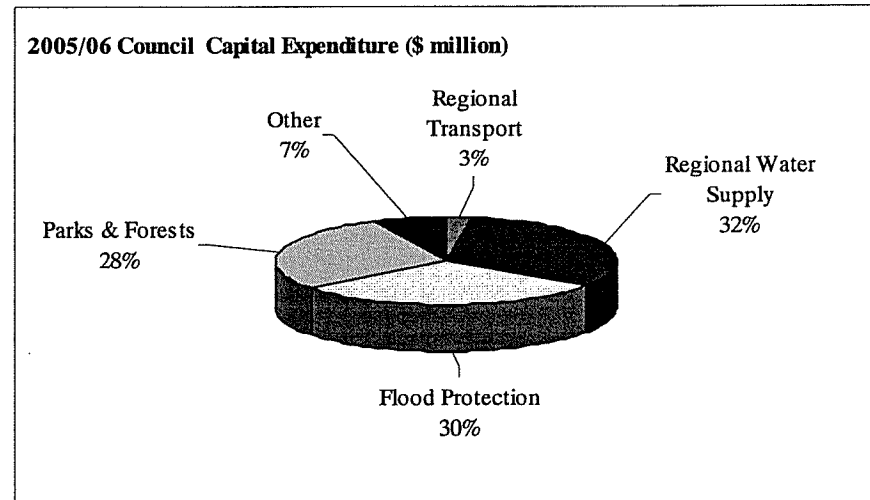
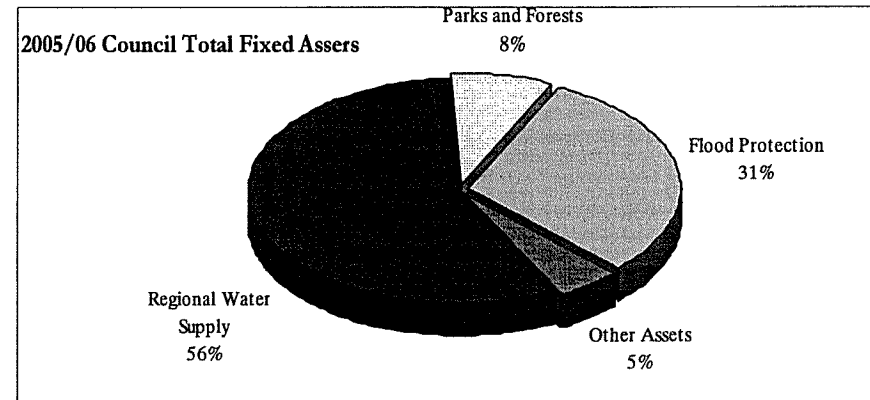
### Asset management

Greater Wellington looks after many important community assets. Our asset base consists of regional water supply, regional parks and forests, flood protection and, increasingly, public transport.

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

This graph shows the breakdown of our assets at the end the year. In the coming years the required investment in public transport will significantly add to the assets we manage for the Wellington region.

This graph shows where the \$20.9 million in capital expenditure was spent during the year ending 30 June 2006.



## Financial overview - council

### Financial statements for the year ended 30 June 2006

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#### Notes

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**STATEMENT OF FINANCIAL PERFORMANCE**  
**for the year ended 30 June 2006**

	Notes	Group 2006 Actual \$000's	Group 2005 Actual \$000's	Council 2006 Actual \$000's	Council 2006 Budget \$000's	Council 2005 Actual \$000's
<b>OPERATING REVENUE</b>						
Rates & Levies		81,058	78,839	81,058	80,732	78,839
Grants & Subsidies		37,321	28,521	37,321	48,928	28,521
Investment Revenue		4,548	4,289	4,751	4,376	4,708
Other External Revenue		62,115	65,581	16,109	18,550	21,009
<b>Total External Operating Revenue</b>	<b>1</b>	<b>185,042</b>	<b>177,230</b>	<b>139,239</b>	<b>152,586</b>	<b>133,077</b>
<b>OPERATING EXPENDITURE</b>						
Personnel	2	41,213	39,405	26,180	27,684	24,692
Grants & Subsidies		53,320	43,368	53,320	54,949	43,368
Interest		10,404	9,203	4,574	4,747	4,627
Depreciation		14,364	14,221	9,321	9,567	9,454
Operating Expenses		56,975	57,757	39,964	47,531	40,141
<b>Total External Operating Expenditure</b>	<b>2</b>	<b>176,276</b>	<b>163,954</b>	<b>133,359</b>	<b>144,478</b>	<b>122,282</b>
<b>Operating Surplus before Taxation</b>		<b>8,766</b>	<b>13,276</b>	<b>5,880</b>	<b>8,108</b>	<b>10,795</b>
Taxation Expense	10	1,149	603	-	-	-
<b>Operating Surplus for the Year</b>		<b>7,617</b>	<b>12,673</b>	<b>5,880</b>	<b>8,108</b>	<b>10,795</b>
Plus Unrealised increase in the value of Investment Properties		10,825	14,399	-	-	-
Less Net Surplus Attributable to Minority Interest	14	3,538	4,395	-	-	-
<b>Net Surplus Attributable to Council's Interest</b>		<b>14,904</b>	<b>22,677</b>	<b>5,880</b>	<b>8,108</b>	<b>10,795</b>

*The accompanying notes and accounting policies should be read in conjunction with these financial statements*



**STATEMENT OF FINANCIAL PERFORMANCE BY ACTIVITY**  
**for the year ended 30 June 2006**

	<b>Council 2006 Actual \$000's</b>	<b>Council 2006 Budget \$000's</b>		<b>Council 2006 Actual \$000's</b>	<b>Council 2006 Budget \$000's</b>
<b>OPERATING REVENUE</b>			<b>OPERATING EXPENDITURE</b>		
Environment Management	12,703	12,441	Environment Management	12,356	12,603
Regional Transport	65,698	78,506	Regional Transport	67,809	70,458
Regional Water Supply	24,132	24,051	Regional Water Supply	24,191	24,868
Land Management	10,296	13,004	Land Management	10,198	13,258
Flood Protection	12,263	11,872	Flood Protection	9,665	10,554
Parks & Forests	9,303	6,286	Parks & Forests	6,398	6,679
Investment in Democracy	4,340	4,340	Investment in Democracy	4,287	4,266
Council Investments	7,964	7,645	Council Investments	7,166	7,528
Other	2,186	3,980	Other	935	3,803
<b>Total Operating Revenue</b>	<b>148,885</b>	<b>162,125</b>	<b>Total Operating Expenditure</b>	<b>143,005</b>	<b>154,017</b>
Less: Internal Operating Revenue	9,646	9,539	Less: Internal Operating Expenditure	9,646	9,539
<b>Total External Operating Revenue</b>	<b>139,239</b>	<b>152,586</b>	<b>Total External Operating Expenditure</b>	<b>133,359</b>	<b>144,478</b>
	-	-	<b>Operating Surplus</b>	<b>5,880</b>	<b>8,108</b>
				-	-
			Capital Expenditure	20,917	27,388
			Proceeds from Assets Sales	(266)	(326)
			Loan Funding of Capital Expenditure	(12,526)	(14,692)
			<b>Rate/Levy-Funded Capital Expenditure</b>	<b>8,125</b>	<b>12,370</b>
			Other Loan Funding	(2,447)	(4,359)
			Debt Repayment	15,817	11,194
			Investment Movements	1,881	1,596
			Reserve Movements	(3,167)	(3,126)
			Working Capital Movements	(5,237)	0
			Non-Cash Items	(9,092)	(9,567)
			<b>Net Funding Required</b>	<b>0</b>	<b>0</b>

*The accompanying notes and accounting policies should be read in conjunction with these financial statements*

**Statement of Movement in Ratepayers' Funds  
for the year ended 30 June 2006**

	Notes	Group 2006 Actual \$000's	Group 2005 Actual \$000's	Council 2006 Actual \$000's	Council 2006 Budget \$000's	Council 2005 Actual \$000's
<b>PARENT INTEREST</b>						
<b>Ratepayers' Funds at the Start of the Year</b>		<b>624,444</b>	<b>602,617</b>	<b>552,913</b>	<b>552,935</b>	<b>542,118</b>
Net Surplus for the Year		14,904	22,677	5,880	8,108	10,795
Increase/(Decrease) in Asset Revaluation Reserves	13	(141)	(850)	(141)	0	0
<b>Total Recognised Revenues &amp; Expenses for the Year</b>		<b>14,763</b>	<b>21,827</b>	<b>5,739</b>	<b>8,108</b>	<b>10,795</b>
<b>Ratepayers' Funds at the End of the Year</b>		<b>639,207</b>	<b>624,444</b>	<b>558,652</b>	<b>561,043</b>	<b>552,913</b>
<b>MINORITY INTEREST</b>						
	14					
<b>Ratepayers' Funds at the Start of the Year</b>		<b>34,198</b>	<b>30,889</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Surplus for the Year		3,538	4,395	0	0	0
Increase/(Decrease) in Asset Revaluation Reserves		0	(255)	0	0	0
<b>Total Recognised Revenues &amp; Expenses for the Year</b>		<b>3,538</b>	<b>4,140</b>	<b>0</b>	<b>0</b>	<b>0</b>
Distribution to Owners		(831)	(831)	0	0	0
<b>Ratepayers' Funds at the End of the Year</b>		<b>36,905</b>	<b>34,198</b>	<b>0</b>	<b>0</b>	<b>0</b>

*The accompanying notes and accounting policies should be read in conjunction with these financial statements*

# STATEMENT OF FINANCIAL POSITION

As at 30 June 2006

	Notes	Group 2006 Actual \$000's	Group 2005 Actual \$000's	Council 2006 Actual \$000's	Council 2006 Budget \$000's	Council 2005 Actual \$000's
<b>RATEPAYERS' FUNDS</b>						
Retained Earnings	12	292,101	274,032	241,504	244,182	232,459
Reserves	13	347,106	350,412	317,148	316,861	320,454
		<u>639,207</u>	<u>624,444</u>	<u>558,652</u>	<u>561,043</u>	<u>552,913</u>
Minority Interests	14	36,905	34,198	0	0	0
<b>Total Ratepayers' Funds</b>		<b><u>676,112</u></b>	<b><u>658,642</u></b>	<b><u>558,652</u></b>	<b><u>561,043</u></b>	<b><u>552,913</u></b>
<b>ASSETS</b>						
Current Assets	3	63,279	68,670	58,282	75,278	63,963
Non-Current Assets	5	810,899	757,916	579,474	573,624	566,176
<b>Total Assets</b>		<b><u>874,178</u></b>	<b><u>826,586</u></b>	<b><u>637,756</u></b>	<b><u>648,902</u></b>	<b><u>630,139</u></b>
<b>LIABILITIES</b>						
Current Liabilities	8	74,447	26,220	19,393	25,924	19,482
Non-Current Liabilities	9	123,619	141,724	59,711	61,935	57,744
<b>Total Liabilities</b>		<b><u>198,066</u></b>	<b><u>167,944</u></b>	<b><u>79,104</u></b>	<b><u>87,859</u></b>	<b><u>77,226</u></b>
<b>Net Assets</b>		<b><u>676,112</u></b>	<b><u>658,642</u></b>	<b><u>558,652</u></b>	<b><u>561,043</u></b>	<b><u>552,913</u></b>

Ian Buchanan

*Chairperson*

17 October 2006

David Benham

*Chief Executive*

17 October 2006

Barry Turfrey

*Chief Financial Officer*

17 October 2006

*The accompanying notes and accounting policies should be read in conjunction with these financial statements*

**STATEMENT OF CASH FLOWS**  
**for the year ended 30 June 2006**

	<b>Group 2006 Actual \$000's</b>	<b>Group 2005 Actual \$000's</b>	<b>Council 2006 Actual \$000's</b>	<b>Council 2006 Budget \$000's</b>	<b>Council 2005 Actual \$000's</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Cash provided from:</b>					
Customers	46,093	45,866	0	0	0
Rates	59,426	57,031	59,426	57,956	57,031
Water Supply Levy	22,776	22,776	22,776	22,776	22,776
Government Subsidies	37,321	28,521	37,321	48,928	28,521
Interest	4,656	3,963	4,355	3,284	3,963
Dividends	373	364	651	406	435
Fees, Charges & Other Revenue	17,612	18,281	17,612	18,550	20,241
	<u>188,257</u>	<u>176,802</u>	<u>142,141</u>	<u>151,900</u>	<u>132,967</u>
<b>Cash disbursed to:</b>					
Payment to Suppliers & Employees	149,002	149,019	120,545	130,164	115,843
Interest	8,981	8,784	4,167	4,354	4,201
Income Tax Paid / (Refund)	1,200	(1,903)	0	0	0
	<u>159,183</u>	<u>155,900</u>	<u>124,712</u>	<u>134,518</u>	<u>120,044</u>
<b>Net Cash Flows from Operating Activities</b>	<b>20</b>	<b>29,074</b>	<b>17,429</b>	<b>17,382</b>	<b>12,923</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<b>Cash provided from:</b>					
Sale of Property, Plant & Equipment	1,186	4,299	411	326	3,915
Repayment of Advance from Associate Company	200	1,150	0	0	0
Sinking Funds	380	4,002	380	0	4,002
Disposal of Other Investments	0	0	0	400	0
	<u>1,766</u>	<u>9,451</u>	<u>791</u>	<u>726</u>	<u>7,917</u>

*The accompanying notes and accounting policies should be read in conjunction with these financial statements*

**STATEMENT OF CASH FLOWS**  
**for the year ended 30 June 2006**

	Group 2006 Actual \$000's	Group 2005 Actual \$000's	Council 2006 Actual \$000's	Council 2006 Budget \$000's	Council 2005 Actual \$000's
Notes					
<b>Cash disbursed to:</b>					
Purchase of Property, Plant & Equipment	48,016	18,162	20,067	27,388	12,287
Plantation Forestry Development	206	287	206	0	287
Sinking Funds	0	4	0	0	4
Development of Investment Properties	8,744	18,015	0	0	0
Council Contingency Investments	1,676	1,536	1,676	1,309	1,536
	<u>58,642</u>	<u>38,004</u>	<u>21,949</u>	<u>28,697</u>	<u>14,114</u>
<b>Net Cash Flows from Investing Activities</b>	<b><u>(56,876)</u></b>	<b><u>(28,553)</u></b>	<b><u>(21,158)</u></b>	<b><u>(27,971)</u></b>	<b><u>(6,197)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>Cash provided from:</b>					
Loan Funding	34,929	23,880	11,000	18,657	8,000
	<u>34,929</u>	<u>23,880</u>	<u>11,000</u>	<u>18,657</u>	<u>8,000</u>
<b>Cash disbursed to:</b>					
Debt Repayment	9,465	14,574	9,465	8,068	14,413
Repayment of Intercompany Current Account	0	0	352	0	477
Dividends Paid to Minority Interests	830	706	0	0	0
	<u>10,295</u>	<u>15,280</u>	<u>9,817</u>	<u>8,068</u>	<u>14,890</u>
<b>Net Cash Flows from Financing Activities</b>	<b><u>24,634</u></b>	<b><u>8,600</u></b>	<b><u>1,183</u></b>	<b><u>10,589</u></b>	<b><u>(6,890)</u></b>
<b>Net Increase/(Decrease) in Cash Held</b>	<b><u>(3,168)</u></b>	<b><u>949</u></b>	<b><u>(2,546)</u></b>	<b><u>0</u></b>	<b><u>(164)</u></b>
Opening Cash & Call Deposits	3,279	2,330	2,705	2,869	2,869
<b>Closing Cash &amp; Call Deposits</b>	<b><u>111</u></b>	<b><u>3,279</u></b>	<b><u>159</u></b>	<b><u>2,869</u></b>	<b><u>2,705</u></b>

*The accompanying notes and accounting policies should be read in conjunction with these financial statements*

## STATEMENT OF ACCOUNTING POLICIES

### 1. Reporting Entity

The Wellington Regional Council (Greater Wellington) is a regional local authority governed by the Local Government Act 2002.

The Group consists of Greater Wellington and its subsidiary companies WRC Holdings Limited (100% owned), Pringle House Limited (100% owned), Port Investments Limited (100% owned) and CentrePort Limited and subsidiaries (76.9% owned).

The financial statements and group financial statements of Greater Wellington have been prepared in accordance with the requirements of section 98 of the Local Government Act 2002 which includes the requirement to comply with generally accepted accounting practice

### 2. Measurement Base

The financial statements have been prepared on an historical basis, modified by the revaluation of certain assets.

### 3. Accounting Policies

Accounting policies adopted in the financial statements, which have a significant effect on the results and the financial position disclosed, are set out below:

#### 3.1 Basis of Consolidation

Greater Wellington has used the purchase method of consolidation for WRC Holdings Limited and its subsidiaries. All significant intercompany transactions have been eliminated.

#### 3.2 Revenue Recognition

Rates and levies are recognised as income in the year the assessments are issued. Government grants and contributions from territorial local authorities for contract works are recognised as income when eligibility has been established by the grantor. Revenue from dividends is recognised on an accrual basis (net of imputation credits) once the entity paying the dividend has incurred a constructive obligation. Other income is also recognised on an accrual basis.

#### 3.3 Investments

Plantation forests are shown at 1991 revalued cost and, apart from silviculture costs, which are capitalised, any gain in value is recognised on the realisation of logging revenues.

Investment properties are revalued annually to net current value by an independent register valuer. The change in valuation is credited or debited to the Statement of Financial Performance. There is no depreciation on investment properties.

Investments in subsidiaries are revalued annually at the lower of cost and net asset backing.

Other investments are shown at the lower of cost or net realisable value (where there is a market).

#### 3.4 Property, Plant & Equipment & Depreciation

Greater Wellington has categorised its Property, Plant & Equipment into operational assets, regional water supply assets, floodplain management plans, and infrastructural assets (including flood protection, transport, navigational aids and parks and forests) and capital works in progress.

Properties intended for resale are valued at the lower of cost and net realisable value.

Valuation & Additions

All valuations are carried out or reviewed by independent qualified valuers and a carried out at least every 5 years.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, it will be expensed in the Statement of Financial Performance. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Statement of Financial Performance up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

An asset valuation exercise undertaken in 1991 was for the purpose of bringing all assets on balance sheet for the first time. Asset values based on the 1991 valuation are land and buildings (1990 government valuation), and transport facilities infrastructure assets (1991 depreciated replacement costs). Additions to assets since 1991 are recorded at cost. In respect of these asset classes Greater Wellington is not on a revaluation cycle.

#### *Regional Water Supply*

Regional water supply wholesale water assets were revalued by Nigel Fenwick MNZPI and Rob Slater MNZPI of Knight Frank at 30 June 2004 using Optimised Depreciated Replacement Cost (ODRC) methodology.

Water Catchment land was revalued by GH Smith ANZIV, SNZPI at 30 June 2004, using the market value methodology.

Other land and buildings were revalued by Martin Veale ANZIV, SNZPI of Telfer Young at 30 June 2004, using the market value methodology.

#### *Flood Protection*

The Flood Protection infrastructure assets were revalued at 30 June 2002 using Optimised Depreciated Replacement Cost (ODRC) methodology. The valuations were carried out by:

- Western Flood Protection infrastructure assets were revalued by Geoff Dick, Flood Protection manager.
- Wairarapa Flood Protection infrastructure assets were revalued by Widana Gamage BE (Civil).

The valuation methodology and rates were reviewed and certified by John Easter, Chartered Engineer of Risk Works Limited.

Western Flood Protection land was revalued at 30 June 2002 by Stewart Littlejohn FNZIV, FNZPI & Martin Veale ANZIV, SNZPI, 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 revalued Wairarapa Flood Protection land on 1 June 2002. Land valuation was completed by F T Rutherford BBS (VPM) NZPI, using comparison to market sales of comparable type land in similar locations to each parcel, which reflects fair value.

#### *Parks & Forests*

The Parks & Forests infrastructure assets were revalued at 30 June 2003 using Optimised Depreciated Replacement Cost (ODRC) methodology. Graham Laws, Parks & Forests Asset Management Advisor carried out the valuations. The valuation methodology and rates we reviewed and certified by PM Ollivier BSc, BE (Civil),

MIPENZ, MICE and KJ Tonks ANZIV, MPLEINZ of Tse Group Ltd.

Parks & Forests land and improvements were revalued at 30 June 2003 by GH Smith ANZIV, using the market value methodology.

Plantation Forestry bridges were revalued by Kate Zwartz, Senior Engineer for the Engineering Consultancy Group. PM Ollivier and KJ Tonks of Tse Group Ltd reviewed the valuation methodology and rates.

Plantation Forestry roads and Wairarapa Forests infrastructure assets were revalued by GH Smith ANZIV.

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

Freehold land comprises operational port freehold land and is stated at valuation determined every three years by an independent registered valuer. The basis of valuation is highest and best use. Any increase in the value on revaluation is recognised through the Statement of Movements in Equity unless it offsets a previous decrease in value recognised in the Statement of Financial Performance, in which case it is recognised in the Statement of Financial Performance. A decrease in the value on revaluation is recognised in the Statement of Financial Performance where it exceeds the increase previously recognised in equity.

The remaining fixed assets acquired by CentrePort on 1 October 1988 are stated at cost, based on a business valuation carried out in accordance with the company plan under section 21 of the Port Companies Act 1988.

Subsequent purchases of fixed assets are recorded at cost. Cost represents the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been

incurred in bringing the assets to the location and condition necessary for their intended service.

All fixed assets, except land are depreciated.

The Regional Council Centre (RCC) is treated as an investment property within WRCH Group and as Property, Plant and Equipment within the GWRC Group. The RCC is revalued annually to net current value by an independent registered valuer.

Depreciation

Depreciation is provided on a straight line basis 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:

Buildings	10-100 years
Water Pipelines/Reservoirs/Dams	50-150 years
Plant/Vehicles/Equipment	3-25 years
Floodplain Management Plans	15 years
Parks & Forests	25-100 years
Navigational Aids	5-50 years
Waterloo Interchange	40 years
CentrePort Ltd floating plant, cranes & wharves	10-50 years
Te Marua Lakes	150 years

Flood protection infrastructure assets (principally stopbanks) are generally considered to be non-depreciable. This is based on the engineering assessment that stopbanks in the Wellington region are not subject to detectable settlement.

Work in progress is not depreciated until the project phase is completed.

### 3.5 Inventories



Cost of inventories held for maintenance and construction purposes is calculated using the weighted average cost method. Nursery stocks are valued at 50% of current market value. All other inventories are valued at the lower of cost or net realisable value on a first in first out basis.

### 3.6 Taxation

The income tax expense charged to the statement of financial performance includes both current and deferred tax and is calculated after allowing for non-taxable income and non-deductible costs.

Deferred taxation is accounted for using the liability method on a comprehensive basis. A deferred tax benefit is only recognised if there is virtual certainty of realisation.

### 3.7 Accounts Receivable

Accounts receivable are stated at estimated realisable value after providing for debts where collection is doubtful.

### 3.8 Leases

The Greater Wellington Regional Council leases office space, office equipment and some vehicles, while other Group entities lease 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.

### 3.9 Employee Entitlements

A provision for employee entitlements is recognised as a liability in respect of benefits earned by employees by not yet received at balance date. Employee benefits include salaries, annual leave and long service leave. Where the benefits are expected to be paid for within twelve months of balance date, the provision is the estimated amount expected to be paid by Greater Wellington. The provision for other employee benefits is stated at the present value of the future cash outflows expected to be incurred.

### 3.10 Financial Instruments

The Group is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, investments, debtors and creditors. All of these are recognised in the statement of financial position. Group entities use forward rate agreements, swaps and interest rate collars solely to manage interest rate exposure. CentrePort Group entities use forward exchange contracts solely to manage foreign exchange exposure. Revenue and expenses in relation to financial instruments are recognised in the statement of financial performance.

### 3.11 Foreign Currency

Foreign currency transactions are converted at the New Zealand dollar exchange rate at the date of the transaction. Greater Wellington does not have material transactions or hold any monetary assets or liabilities in foreign currencies. CentrePort Group entities enter into forward exchange contracts to hedge the currency risk on major asset purchases.

### 3.12 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.

### 3.13 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 in Greater Wellington is treated as an internal banking activity. Any surplus generated is credited directly to the Statement of Financial Performance.

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

The “Investment in Democracy” 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.

### 3.14 Statement of Cashflows

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

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

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

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

### 3.15 Rounding of Amounts

All amounts have been rounded to the nearest thousand dollars unless otherwise stated.

### 3.16 Comparatives

In most cases comparison is made with the 2005/06 budget as set out in the 2005/06 Annual Plan. In other cases the comparatives are the 2004/05 actual figures. Where necessary, comparatives have been changed to assist comparability.

### 4. Changes in Accounting Policies

There have been no material changes in Accounting Policies since the date of the last audited statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2006**

**NOTE 1**

	<b>Group 2006 Actual \$000's</b>	<b>Group 2005 Actual \$000's</b>	<b>Council 2006 Actual \$000's</b>	<b>Council 2006 Budget \$000's</b>	<b>Council 2005 Actual \$000's</b>
<b>REVENUE</b>					
General Rates	21,621	21,877	21,621	21,671	21,877
Transport Rates	29,255	27,088	29,255	29,255	27,088
River Rates	3,069	2,941	3,069	3,069	2,941
Regional Water Supply Levy	22,776	22,776	22,776	22,776	22,776
Bovine Tuberculosis Rates	144	142	144	143	142
Stadium Purposes Rate	2,676	2,676	2,676	2,676	2,676
Wairarapa Scheme Rates	1,142	1,083	1,142	1,142	1,083
Rate Penalties	405	403	405	0	403
Remissions of Rate Penalties	(30)	(147)	(30)	0	(147)
Government Grants & Subsidies	37,321	28,521	37,321	48,928	28,521
Dividends	0	12	396	406	662
Equity Accounted Earnings from Associates	411	417	0	0	0
Subvention Revenue	0	0	519	527	1,932
Sinking Fund Interest	0	83	0	0	83
Other Interest	4,656	4,249	4,355	3,970	3,963
Other Subsidiaries Revenue	46,704	45,267	0	0	0
Other Revenue	14,892	19,842	15,590	18,023	19,077
<b>Total Operating Revenue</b>	<b>185,042</b>	<b>177,230</b>	<b>139,239</b>	<b>152,586</b>	<b>133,077</b>
	-	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 30 June 2006**

**NOTE 2**

	<b>Group 2006 Actual \$000's</b>	<b>Group 2005 Actual \$000's</b>	<b>Council 2006 Actual \$000's</b>	<b>Council 2006 Budget \$000's</b>	<b>Council 2005 Actual \$000's</b>
<b>TOTAL OPERATING EXPENDITURE INCLUDES</b>					
Assets Written Off	1,310	594	2	0	4
Bad Debts Written Off	(59)	122	27	0	107
Directors Fees	345	270	0	0	0
Fees Paid to Principal Auditors for Audit of Financial Statements	120	120	110	121	110
Fees Paid to Other Auditors for Audit of Financial Statements	72	53	0	0	0
Fees Paid to Principal Auditors for Audit of Community Plan	78	6	78	60	6
Fees Paid to Other Auditors for Other Services	194	61	0	0	0
Increase (Decrease) in Provision for Doubtful Debts	253	(84)	4	0	(118)
Loss (Gain) on Sale of Property, Plant & Equipment	303	(3,001)	303	(234)	(3,001)
Operating Lease Rentals	698	875	1,184	1,178	1,394
LGNZ Subscriptions	68	65	68	65	65
Decrease (Increase) in Value of Investments	1,745	0	(531)	0	(496)
Insurance	1,342	1,470	1,342	1,418	1,470
Impairment of Asset	1,320	3,048	0	0	0

Personnel costs for the Group in 2005 have been restated from \$24,692,000 to \$39,405,000. In 2005 they were presented as operating expenses.

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2006**

**NOTE 2 (continued)**

	<b>Group 2006 Actual \$000's</b>	<b>Group 2005 Actual \$000's</b>	<b>Council 2006 Actual \$000's</b>	<b>Council 2005 Actual \$000's</b>
<b>DEPRECIATION BY CATEGORY</b>				
Port, Buildings & Wharves	2,973	2,618	0	0
Land & Buildings	65	68	65	68
Fixtures & Fittings	950	919	27	25
Plant & Equipment	1,363	1,442	216	187
Motor Vehicles	746	772	746	772
Computer Equipment/Software	650	525	650	525
Floodplain Management Plans	454	454	454	454
Flood Protection	196	196	196	196
Transport Facilities	206	206	206	206
Navigational Aids	35	44	35	44
Parks & Forests	395	397	395	397
<b>Regional Water Supply</b>				
Infrastructure Assets	6,077	6,333	6,077	6,333
Administration Buildings	1	1	1	1
Minor Equipment	133	121	133	121
Motor Vehicles	120	125	120	125
<b>Total Property, Plant &amp; Equipment</b>	<b><u>14,364</u></b>	<b><u>14,221</u></b>	<b><u>9,321</u></b>	<b><u>9,454</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2006**

**NOTE 3**

	<b>Group 2006 \$000's</b>	<b>Group 2005 \$000's</b>	<b>Council 2006 \$000's</b>	<b>Council 2005 \$000's</b>
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**CURRENT ASSETS**

Bank & Call Deposits		161	3,279	159	2,705
Receivables	4	15,486	18,410	12,177	15,079
Inventory		2,361	2,124	1,946	1,799
Investments	6	44,000	44,380	44,000	44,380
Taxation Refund Due		1,271	477	0	0
		<u>63,279</u>	<u>68,670</u>	<u>58,282</u>	<u>63,963</u>
		-	-	-	-

There is a variance from actual to budget results in the Council of \$11 million which is due to a reclassification of current investment assets to non-current investment assets.

**NOTE 4**

	<b>Group 2006 \$000's</b>	<b>Group 2005 \$000's</b>	<b>Council 2006 \$000's</b>	<b>Council 2005 \$000's</b>
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**RECEIVABLES**

Rates Outstanding		5,255	6,399	5,255	6,399
Other Receivables		11,200	12,998	6,977	8,544
Provision for Subvention Receivable		0	0	519	472
Provision for Dividends Receivable		0	0	395	651
Less Provision for Doubtful Debts		(969)	(987)	(969)	(987)
		<u>15,486</u>	<u>18,410</u>	<u>12,177</u>	<u>15,079</u>
		-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2006**

**NOTE 5**

		<b>Group</b>	<b>Group</b>	<b>Council</b>	<b>Council</b>
		<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
		<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
<b>NON-CURRENT ASSETS</b>					
Future Tax Benefit		677	2,320	0	0
Investments	6	150,301	112,101	62,534	60,121
Property, Plant & Equipment	7	659,921	643,495	516,940	506,055
		<b>810,899</b>	<b>757,916</b>	<b>579,474</b>	<b>566,176</b>
		-	-	-	-

**NOTE 6**

		<b>Group</b>	<b>Group</b>	<b>Council</b>	<b>Council</b>
		<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
		<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
<b>INVESTMENTS</b>					
Bank Deposits		44,000	44,000	44,000	44,000
Sinking Funds		0	380	0	380
Water Supply Contingency Investment		9,472	8,109	9,472	8,109
Major Flood Recovery Fund		1,741	1,428	1,741	1,428
Plantation Forests		14,892	16,431	14,892	16,431
New Zealand Local Government Insurance Corporation Limited Shares		80	80	80	80
WRC Holdings Limited shares		0	0	11,349	9,073
Stadium Advance		25,000	25,000	25,000	25,000
Investment Properties		98,522	59,753	0	0
Other Investments		594	1,300	0	0
<b>Total Investments</b>		<b>194,301</b>	<b>156,481</b>	<b>106,534</b>	<b>104,501</b>
		-	-	-	-
Investments Current Portion	3	44,000	44,380	44,000	44,380
Investments Non-Current Portion	5	150,301	112,101	62,534	60,121
		<b>194,301</b>	<b>156,481</b>	<b>106,534</b>	<b>104,501</b>
		-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2006**

**INVESTMENTS (continued)**

The \$44 million proceeds from the sale of CentrePort Limited shares and convertible notes from Greater Wellington to Port Investments Limited have been invested in a bank deposit. As at 30 June 2006 these investments have an interest rate of 7.90% (2005 7.43%) and are due to mature on 15 August 2006.

Greater Wellington had money invested on deposit with financial institutions to comply with regulations on the provision of sinking funds. The sinking funds have now been repaid.

As at 30 June 2006 the weighted average interest rate on the water supply contingency investment (after the effect of derivatives) is 7.21% (2005 7.01%) and an estimated fair value of \$9.5 million (2005 \$8.1million).

As at 30 June 2006 the weighted average interest rate on the major flood recovery fund is 7.48% (2005 7.09%) and has an estimated fair value of \$1.7 million (2005 \$1.4 million).

Independent valuations of the plantation forests have been completed by Alan Bell and Associates. The estimated value of plantation forests (excluding land, roads, bridges and fences) as at 30 June 2006 based on a discount rate of 8.0% post-tax is \$14.9 million (2005 \$18 million).

Greater Wellington holds 100% of the shares in WRC Holdings Limited. The book value of these shares \$11.3 million (2005 \$9.2 million) reflects the net asset backing of the investment at 30 June 2006.

Greater Wellington advanced \$25 million to the Wellington Regional Stadium Trust in August 1998. The advance is currently on an interest free basis, with limited rights of recourse recognising the "quasi equity" nature of the advance. At 30 June 2006 Greater Wellington expects that the advance, will be fully repaid. 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. It is not repayable until after all other debts of the Trust are extinguished.

The Court of Appeal has ruled that the Trust is not a Council Controlled Trading Organisation (CCTO) and Greater Wellington is not obliged to charge interest on this advance. Greater Wellington does not equity account its investment in the Trust because it does not have any entitlement to the proceeds.

The Group's investment properties comprise of CentrePort's developed and undeveloped properties which are revalued annually to net current value. These were valued by P.Butchers and W.Bunt, independent registered valuers of CB Richard Ellis on 30 June 2006. The valuations were based on market value less estimated cost of disposal.

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



**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2006**

**NOTE 7**

	Historical Cost Basis 2006 \$000's	Revalued Cost Basis 2006 000's	Revaluation / Cost 2006 \$000's	Accumulated Depreciation 2006 \$000's	Book Value 2006 \$000's	Historical Cost Basis 2005 \$000's	Revalued Cost Basis 2005 000's	Revaluation / Cost 2005 \$000's	Accumulated Depreciation 2005 \$000's	Book Value 2005 \$000's
<b>PROPERTY, PLANT &amp; EQUIPMENT - GROUP</b>										
<b>Operational Assets</b>										
Port Buildings & Wharves	73,353	0	73,353	28,452	44,901	79,634	0	79,634	25,864	53,770
Land & Buildings	9,479	68,549	78,028	1,093	76,935	4,633	70,590	75,223	1,029	74,194
Fixtures & Fittings	2,626	0	2,626	2,505	121	2,619	0	2,619	2,519	100
Plant & Equipment	47,524	0	47,524	17,045	30,479	29,940	0	29,940	16,055	13,885
Motor Vehicles	5,247	0	5,247	3,087	2,160	5,070	0	5,070	2,876	2,194
Computer Equipment / Software	5,594	0	5,594	4,158	1,436	5,265	0	5,265	3,758	1,507
	<b>143,823</b>	<b>68,549</b>	<b>212,372</b>	<b>56,340</b>	<b>156,032</b>	<b>127,161</b>	<b>70,590</b>	<b>197,751</b>	<b>52,101</b>	<b>145,650</b>
Floodplain Management Plans	6,938	0	6,938	4,052	2,886	6,640	0	6,640	3,597	3,043
<b>Infrastructural Assets</b>										
Flood Protection	9,328	147,179	156,507	768	155,739	6,669	147,179	153,848	583	153,265
Transport Facilities	11,958	0	11,958	4,337	7,621	11,958	0	11,958	4,131	7,827
Navigational Aids	1,737	0	1,737	1,072	665	1,737	0	1,737	1,037	700
Parks & Forests	17,327	23,039	40,366	1,178	39,188	16,347	23,039	39,386	786	38,600
	<b>40,350</b>	<b>170,218</b>	<b>210,568</b>	<b>7,355</b>	<b>203,213</b>	<b>36,711</b>	<b>170,218</b>	<b>206,929</b>	<b>6,537</b>	<b>200,392</b>
Capital Works In Progress	4,645	0	4,645	0	4,645	1,157	0	1,157	0	1,157
<b>Total Regional Responsibilities</b>	<b>195,756</b>	<b>238,767</b>	<b>434,523</b>	<b>67,747</b>	<b>366,776</b>	<b>171,669</b>	<b>240,808</b>	<b>412,477</b>	<b>62,235</b>	<b>350,242</b>
<b>Regional Water Supply Assets</b>										
Infrastructure Assets	9,566	293,134	302,700	12,330	290,370	2,442	293,134	295,576	6,315	289,261
Administration Buildings	0	465	465	2	463	0	446	446	1	445
Minor Equipment	1,999	0	1,999	1,278	721	1,871	0	1,871	1,183	688
Motor Vehicles	1,109	0	1,109	690	419	1,032	0	1,032	750	282
Capital Works In Progress	1,171	0	1,171	0	1,171	2,577	0	2,577	0	2,577
<b>Total Regional Water Supply</b>	<b>13,845</b>	<b>293,599</b>	<b>307,444</b>	<b>14,300</b>	<b>293,144</b>	<b>7,922</b>	<b>293,580</b>	<b>301,502</b>	<b>8,249</b>	<b>293,253</b>
<b>Total Group Property, Plant &amp; Equipment</b>	<b>209,601</b>	<b>532,366</b>	<b>741,967</b>	<b>82,047</b>	<b>659,920</b>	<b>179,591</b>	<b>534,388</b>	<b>713,979</b>	<b>70,484</b>	<b>643,495</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2006**

**NOTE 7 (continued)**

	Historical Cost Basis 2006 \$000's	Revalued Cost Basis 2006 000's	Revaluation / Cost 2006 \$000's	Accumulated Depreciation 2006 \$000's	Book Value 2006 \$000's	Historical Cost Basis 2005 \$000's	Revalued Cost Basis 2005 000's	Revaluation / Cost 2005 \$000's	Accumulated Depreciation 2005 \$000's	Book Value 2005 \$000's
<b>PROPERTY, PLANT &amp; EQUIPMENT - COUNCIL</b>										
<b>Operational Assets</b>										
Port Buildings & Wharves	0	0	0	0	0	0	0	0	0	0
Land & Buildings	9,479	0	9,479	1,093	8,386	4,633	0	4,633	1,029	3,604
Fixtures & Fittings	911	0	911	809	102	904	0	904	841	63
Plant & Equipment	2,784	0	2,784	1,816	968	2,580	0	2,580	1,738	842
Motor Vehicles	5,247	0	5,247	3,087	2,160	5,070	0	5,070	2,876	2,194
Computer Equipment / Software	5,594	0	5,594	4,158	1,436	5,265	0	5,265	3,758	1,507
	<u>24,015</u>	<u>0</u>	<u>24,015</u>	<u>10,963</u>	<u>13,052</u>	<u>18,452</u>	<u>0</u>	<u>18,452</u>	<u>10,242</u>	<u>8,210</u>
Floodplain Management Plans	6,938		6,938	4,052	2,886	6,640		6,640	3,597	3,043
<b>Infrastructural Assets</b>										
Flood Protection	9,328	147,179	156,507	768	155,739	6,669	147,179	153,848	583	153,265
Transport Facilities	11,958	0	11,958	4,337	7,621	11,958	0	11,958	4,131	7,827
Navigational Aids	1,737	0	1,737	1,072	665	1,737	0	1,737	1,037	700
Parks & Forests	17,327	23,039	40,366	1,178	39,188	16,347	23,039	39,386	786	38,600
	<u>40,350</u>	<u>170,218</u>	<u>210,568</u>	<u>7,355</u>	<u>203,213</u>	<u>36,711</u>	<u>170,218</u>	<u>206,929</u>	<u>6,537</u>	<u>200,392</u>
<b>Capital Works In Progress</b>	<u>4,645</u>	<u>0</u>	<u>4,645</u>	<u>0</u>	<u>4,645</u>	<u>1,157</u>	<u>0</u>	<u>1,157</u>	<u>0</u>	<u>1,157</u>
<b>Total Regional Responsibilities</b>	<b><u>75,948</u></b>	<b><u>170,218</u></b>	<b><u>246,166</u></b>	<b><u>22,370</u></b>	<b><u>223,796</u></b>	<b><u>62,960</u></b>	<b><u>170,218</u></b>	<b><u>233,178</u></b>	<b><u>20,376</u></b>	<b><u>212,802</u></b>
<b>Regional Water Supply Assets</b>										
Infrastructure Assets	9,566	293,134	302,700	12,330	290,370	2,442	293,134	295,576	6,315	289,261
Administration Buildings	0	465	465	2	463	0	446	446	1	445
Minor Equipment	1,999	0	1,999	1,278	721	1,871	0	1,871	1,183	688
Motor Vehicles	1,109	0	1,109	690	419	1,032	0	1,032	750	282
Capital Works In Progress	1,171	0	1,171	0	1,171	2,577	0	2,577	0	2,577
<b>Total Regional Water Supply</b>	<b><u>13,845</u></b>	<b><u>293,599</u></b>	<b><u>307,444</u></b>	<b><u>14,300</u></b>	<b><u>293,144</u></b>	<b><u>7,922</u></b>	<b><u>293,580</u></b>	<b><u>301,502</u></b>	<b><u>8,249</u></b>	<b><u>293,253</u></b>
<b>Total Council Property, Plant &amp; Equipment</b>	<b><u>89,793</u></b>	<b><u>463,817</u></b>	<b><u>553,610</u></b>	<b><u>36,670</u></b>	<b><u>516,940</u></b>	<b><u>70,882</u></b>	<b><u>463,798</u></b>	<b><u>534,680</u></b>	<b><u>28,625</u></b>	<b><u>506,055</u></b>

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2006**

**NOTE 8**

	Notes	<b>Group 2006 \$000's</b>	<b>Group 2005 \$000's</b>	<b>Council 2006 \$000's</b>	<b>Council 2005 \$000's</b>
<b>CURRENT LIABILITIES</b>					
Bank Overdraft		50	0	0	0
Accounts Payable		25,122	21,016	14,948	14,729
Employee Provisions		3,874	3,696	1,647	1,575
Current Account WRCHL Group		0	0	1,812	2,086
Provision For Dividend		415	416	0	0
Debt	11	44,986	1,092	986	1,092
		<u>74,447</u>	<u>26,220</u>	<u>19,393</u>	<u>19,482</u>

**NOTE 9**

	Notes	<b>Group 2006 \$000's</b>	<b>Group 2005 \$000's</b>	<b>Council 2006 \$000's</b>	<b>Council 2005 \$000's</b>
<b>NON-CURRENT LIABILITIES</b>					
Employee Provisions		758	839	758	839
Debt	11	122,861	140,885	58,953	56,905
		<u>123,619</u>	<u>141,724</u>	<u>59,711</u>	<u>57,744</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2006**

**NOTE 10**

	<b>Group</b>	<b>Group</b>	<b>Council</b>	<b>Council</b>
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
<b>TAXATION</b>				
<b>Net Surplus before Taxation</b>	8,766	13,276	5,880	10,795
Net Surplus not subject to Taxation	(5,048)	(11,293)	(7,070)	(12,117)
<b>Net Surplus Subject to Tax</b>	<b>3,718</b>	<b>1,983</b>	<b>(1,190)</b>	<b>(1,322)</b>
 Income Tax at 33%	 1,227	 654	 (393)	 (436)
<b>Adjustments for Permanent Differences</b>				
Tax Effect of Imputation Credits	(592)	(447)	(215)	(110)
Non Assessable Income	147	364	0	0
Deferred Tax Benefits not Previously Recognised	(205)	(515)	0	0
Tax Loss not Recognised	632	566	594	532
Prior Period Adjustment	(60)	(19)	14	14
<b>Taxation Expense</b>	<b>1,149</b>	<b>603</b>	<b>0</b>	<b>0</b>
	-	-	-	-
<b>The Taxation Expense is Represented By:</b>				
Current Year Taxation	469	1,716	0	0
Future Taxation Benefit	680	(1,113)	0	0
<b>Taxation Expense</b>	<b>1,149</b>	<b>603</b>	<b>0</b>	<b>0</b>
	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2006**

**TAXATION (Continued)**

For Greater Wellington, the net income subject to tax consists of its gross income net of related expenses derived from the Greater Wellington Group of companies, including CentrePort Group and NZLGIC. All other income currently derived by Greater Wellington is exempt from income tax.

**Subvention Payments**

The financial statements accrue a subvention payment for the utilisation of losses of the Greater Wellington Regional Council of \$0.52 million payable by Pringle House Limited. A subvention payment of \$0.47 million was made by Pringle House Limited to the Greater Wellington Regional Council in relation to the amount accrued in the 2005 year.

**Timing Differences Not Recognised**

A deferred tax asset of \$0.79 million (2005 \$6.52 million), has not been recognised in relation to timing differences from the difference between accounting and tax depreciation and accruals on the basis that there is no virtual certainty of the realisation of that asset. Of this amount \$0.56 million (2005 \$6.33 million) relates to CentrePort Limited.

**Tax Losses Not Recognised**

Greater Wellington has tax losses of \$4.79 million (2005 \$2.96 million) available to be carried forward and to be offset against taxable income in the future. The tax effect of these losses is \$1.58 million (2005 \$0.98 million). WRC Holdings Limited has tax losses of \$0.59 million (2005 \$0.48 million) available to be carried forward and to be offset against taxable income in the future. The tax effect of these losses is \$0.19 million (2005 \$0.16 million). WRC Holdings Limited's ability to carry forward tax losses is contingent upon them continuing to meet the requirements of the Income Tax Act 2004.

**Imputation Credits**

\$9.07 million (2005 \$8.47 million) of imputation credits are available within the subsidiaries to attach to future dividends paid to Greater Wellington. The subsidiaries' ability to carry forward imputation credits is contingent upon them continuing to meet the requirements of the Income Tax Act 2004.

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2006**

**NOTE 11**

**DEBT**

		<b>Group 2006 \$000's</b>	<b>Group 2005 \$000's</b>	<b>Council 2006 \$000's</b>	<b>Council 2005 \$000's</b>
Debt Current Portion	8	44,986	1,092	986	1,092
Debt Non-Current Portion	9	122,861	140,885	58,953	56,905
		<u>167,847</u>	<u>141,977</u>	<u>59,939</u>	<u>57,997</u>

Notes

**COUNCIL DEBT MATURITIES**

	<b>Group 2006 \$000's</b>	<b>Group 2005 \$000's</b>	<b>Council 2006 \$000's</b>	<b>Council 2005 \$000's</b>
Less than one year	45,655	1,092	1,655	1,092
One to two years	64,976	85,603	1,068	1,623
Two to three years	1,409	16,683	1,409	16,683
Three to four years	35,238	1,397	35,238	1,397
Four to five years	1,376	16,606	1,376	16,606
Later than five years	19,193	20,596	19,193	20,596
	<u>167,847</u>	<u>141,977</u>	<u>59,939</u>	<u>57,997</u>

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2006**

**NOTE 11 (continued)**

**Debt (continued)**

Greater Wellington has an overdraft facility of \$1 million with the National Bank (not drawn at year end) which is unsecured. The current interest rate on the facility is 10.35% (2005 11.00%).

Local Government Stock issued by Greater Wellington prior to 30 June 1997 was repaid during the year (2005 \$200,000). It was secured by a charge against the regional water supply levy. All other Greater Wellington debt is unsecured.

As at 30 June 2006, Greater Wellington's external debt has a weighted average interest rate (after the effect of derivatives) of 7.53% (2005 7.50%) and an estimated fair value of \$62.0 million (2005 \$59.9 million). Further detailed analysis of external debt is provided on page 146.

CentrePort Limited has a bank loan facility of \$85.0 million (2005 \$78.0 million) drawn to \$64.0 million (2005 \$40.0 million) which is unsecured with a renewal date in 2007. The interest rate charged on the facility as at 30 June 2006 ranged from 5.68% to 7.725% p.a. (2005 ranged from 5.8% to 7.2% p.a.).

WRC Holdings Limited has a bank loan facility of \$44 million (drawn to \$44.0 million) which is secured by a debenture over the assets of company and matures on 28 October 2006. Subsequent to balance date this facility has now been replaced by a facility that matures in 2009. The interest rate charged on the facility as at 30 June 2006 was 8.0% (2005 7.53%).

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2006**

**NOTE 12**

**RETAINED EARNINGS**

	<b>Group</b> <b>2006</b> <b>\$000's</b>	<b>Group</b> <b>2005</b> <b>\$000's</b>	<b>Council</b> <b>2006</b> <b>\$000's</b>	<b>Council</b> <b>2005</b> <b>\$000's</b>
Opening Balance	274,032	252,637	232,459	222,946
Operating Surplus for the Year	14,904	22,677	5,880	10,795
Transferred from Reserves	6,014	3,371	6,014	3,371
Transferred to Reserves	(2,471)	(4,758)	(2,471)	(4,758)
Interest Earned	(378)	(397)	(378)	(397)
Realised Asset Revaluation on Disposal	0	502	0	502
<b>Closing Balance</b>	<b>292,101</b>	<b>274,032</b>	<b>241,504</b>	<b>232,459</b>

**NOTE 13**

**RESERVES**

	<b>Group</b> <b>2006</b> <b>\$000's</b>	<b>Group</b> <b>2005</b> <b>\$000's</b>	<b>Council</b> <b>2006</b> <b>\$000's</b>	<b>Council</b> <b>2005</b> <b>\$000's</b>
Opening Balance	350,412	349,980	320,454	319,172
Transferred from Operations	2,471	4,758	2,471	4,758
Transferred to Operations	(6,014)	(3,371)	(6,014)	(3,371)
Interest Earned	378	397	378	397
Realised Asset Movements	0	(502)	0	(502)
Infrastructure Asset Revaluation	(141)	(850)	(141)	0
<b>Closing Balance</b>	<b>347,106</b>	<b>350,412</b>	<b>317,148</b>	<b>320,454</b>



**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2006**

	<b>Group 2006 \$000's</b>	<b>Group 2005 \$000's</b>	<b>Council 2006 \$000's</b>	<b>Council 2005 \$000's</b>
<b>RESERVES (Continued)</b>				
<b>Represented By</b>				
<b>Area of Benefit Reserves</b>				
Regional Park Land Purchase Reserve	0	826	0	826
River Rates Reserves	739	506	739	506
Wairarapa Scheme Reserves	1,732	1,533	1,732	1,533
Transport Reserves	741	3,029	741	3,029
Bovine Tuberculosis Rate Reserve	863	860	863	860
Regional Water Supply Reserves	0	0	0	0
Wairarapa Workshop Reserve	30	36	30	36
Akura Nursery Reserve	(44)	(26)	(44)	(26)
Bioworks	119	113	119	113
<b>Contingency Reserves</b>				
Rural Fire Contingency Reserve	50	50	50	50
Flood Contingency Reserve	927	1,039	927	1,039
Environment Legal Contingency Reserve	290	276	290	276
<b>Special Reserves</b>				
Election Reserve	115	31	115	31
Corporate Systems Reserves	393	474	393	474
<b>Expense Re-budgeting Reserves</b>				
Expenditure Carry Forwards	1,090	1,463	1,090	1,463
<b>Total Operational Reserves</b>	<b>7,045</b>	<b>10,210</b>	<b>7,045</b>	<b>10,210</b>
Asset Revaluation Reserve	339,858	339,999	309,900	310,041
Investment Revaluation Reserve	203	203	203	203
<b>Total Reserves</b>	<b>347,106</b>	<b>350,412</b>	<b>317,148</b>	<b>320,454</b>

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2006**

<b>RESERVES (Continued)</b>	<b>Group 2006 \$000's</b>	<b>Group 2005 \$000's</b>	<b>Council 2006 \$000's</b>	<b>Council 2005 \$000's</b>
<b>Asset Revaluation Reserve by Category</b>				
Land & Buildings	30,314	30,314	356	356
Flood Protection	108,075	108,202	108,075	108,202
Transport Facilities	1,517	1,517	1,517	1,517
Navigational Aids	(6)	(6)	(6)	(6)
Parks & Forests	13,648	13,649	13,648	13,649
Regional Water Supply - Infrastructure Assets	186,310	186,323	186,310	186,323
<b>Total Property, Plant &amp; Equipment</b>	<b><u>339,858</u></b>	<b><u>339,999</u></b>	<b><u>309,900</u></b>	<b><u>310,041</u></b>

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2006**

**NOTE 14**

**MINORITY INTERESTS**

Minority interests represent Manawatu-Wanganui Regional Council's 23.1% share of CentrePort Limited.

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2006**

**NOTE 15**

<b>Group</b>	<b>Group</b>	<b>Council</b>	<b>Council</b>
<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>

**CONTINGENCIES**

**Contingent Liabilities**

Legal Proceedings & Obligations	394	364	394	364
Uncalled Capital in WRC Holdings Limited	0	0	75,000	75,000
	<u>394</u>	<u>364</u>	<u>75,394</u>	<u>75,364</u>

Greater Wellington has responsibility for 13 contaminated sites in the region. None are considered high risk and any clean-up costs are considered to be negligible. There may also be other contaminated sites which Greater Wellington is unaware of.

**NOTE 16**

<b>Group</b>	<b>Group</b>	<b>Council</b>	<b>Council</b>
<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>

**COMMITMENTS**

**Transport Operator Commitments**

Less than One Year	27,681	24,496	27,681	24,496
One to Two Years	21,549	18,791	21,549	18,791
Two to Five Years	28,926	19,631	28,926	19,631
Later than Five Years	0	0	0	0
	<u>78,156</u>	<u>62,918</u>	<u>78,156</u>	<u>62,918</u>

**Operating Lease Commitments**

Less than One Year	1,207	1,037	1,920	1,883
One to Two Years	651	959	1,458	1,843
Two to Five Years	1,128	1,045	2,954	4,096
Later than Five Years	218	1	218	1
	<u>3,204</u>	<u>3,042</u>	<u>6,550</u>	<u>7,823</u>

**Capital Commitments**

	<u>5,191</u>	<u>29,196</u>	<u>1,011</u>	<u>2,044</u>
<b>Total Commitments</b>	<u>86,551</u>	<u>95,156</u>	<u>85,717</u>	<u>72,785</u>

Greater Wellington has contractual commitments for operating leases, capital works and to transport operators as disclosed above.

Operating lease commitments are for vehicles, computer equipment and office equipment as well as rental for space in the Regional Council Centre. This rental is paid to a subsidiary Pringle House Limited.

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2006**

**NOTE 17**

**FINANCIAL INSTRUMENTS**

**Currency Risk**

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

The Group has some exposure to currency risk on asset purchases denominated in foreign currencies.

Greater Wellington manages currency risk by ensuring that where possible asset purchases are denominated in NZ dollars. CentrePort Ltd enters into forward exchange contracts to hedge foreign currency risk on major asset purchases.

**Credit Risk**

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

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

Greater Wellington manages receivables on behalf of itself and the WRC Holdings Group of companies, (excluding CentrePort Limited) and a provision for doubtful debts is maintained and monitored on a regular basis. Bank balances and short-term investments are held with New Zealand registered banks in accordance with Greater Wellington's Treasury 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.

**Concentration of Credit Risk**

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

**Liquidity Risk**

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

Greater Wellington minimises liquidity risk principally by maintaining liquid financial investments, undrawn committed lines and overdraft facilities with its relationship banks, in accordance with Greater Wellington's Treasury Management Policy. CentrePort Limited reduces its exposure to liquidity risk through a bank overdraft and a New Zealand dollar commercial bill facility.

**FINANCIAL INSTRUMENTS (Continued)**

**Interest Rate Risk**

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

The Group has exposure to interest rate movements as a result of its investments, external debt and cash balances.

To minimise the risk on external debt, management monitors the levels of interest rates on an ongoing basis and uses forward rate, swap agreements and interest rate collars (options) to manage interest rate exposures for future periods. At 30 June 2006 the Group had entered into the following interest rate swaps and interest rate collar agreements:

<b>Interest rate swap maturities:</b>	<b>Group 2006 \$000's</b>	<b>Group 2005 \$000's</b>	<b>Council 2006 \$000's</b>	<b>Council 2005 \$000's</b>
Less than One Year	(2,000)	2,500	(5,000)	0
One to Two Years	7,500	3,000	5,000	(5,000)
Two to Three Years	12,500	5,000	10,000	5,000
Three to Four Years	5,000	10,000	5,000	10,000
Four to Five Years	5,000	5,000	5,000	5,000
Five to Six Years	10,000	0	10,000	0
Six to Seven Years	25,000	0	5,000	0
	<b>63,000</b>	<b>25,500</b>	<b>35,000</b>	<b>15,000</b>

<b>Interest Rate Cap Agreement (options)</b>	<b>Commencing</b>	<b>Maturity</b>	<b>Cap</b>
\$5 million	25/01/05	25/07/06	7.10%
\$5 million	25/01/05	25/01/07	7.10%
\$5 million	25/01/05	25/07/07	7.10%

<b>Interest Rate Collars (options)</b>	<b>Commencing</b>	<b>Maturity</b>	<b>Floor</b>	<b>Cap</b>
\$10 million	23/01/07	22/01/09	6.23%	7.20%

**Fair Values**

	<b>Group 2006 \$000's</b>	<b>Group 2005 \$000's</b>	<b>Council 2006 \$000's</b>	<b>Council 2005 \$000's</b>
As at 30 June 2006 the estimated fair values of the Group's interest rate swap agreements are:				
Estimated Fair Value of Interest Rate Swap Agreements	503	110	346	(15)
Estimated Fair Value of Interest Rate Collars	10	(48)	0	0
Estimated Fair Value of Foreign Exchange Contracts	650	(683)	0	0
Estimated Fair Value of Interest Rate Caps	36	0	0	0

Except where otherwise stated, the estimated fair values of all other financial instruments of the Group are the book value of those instruments.

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2006**

**NOTE 18**

**SEVERANCE PAYMENTS**

During the year ended 30 June 2006, the Greater Wellington Regional Council had not made any severance payments to the Chief Executive. There were three employees (2005 none) who received severance payments of \$149,203 (2005 zero). One employee received \$52,000, one employee received \$50,000 and one employee received \$47,203.

**NOTE 19**

**REMUNERATION**

**Councillor Remuneration**

	<b>Council 2006 \$</b>	<b>Council 2005 \$</b>
Councillor J Aitken	54,681	49,533
Councillor S Baber	49,526	29,591
Councillor H Barr	0	14,156
Councillor I Buchanan	138,619	122,525
Councillor G Evans	69,679	55,942
Councillor P Glensor	44,051	29,859
Councillor S Greig	44,051	29,859
Councillor R Kirton	65,074	55,942
Councillor C Laidlaw	66,364	62,930
Councillor R Long	65,599	62,930
Councillor T McDavitt	69,630	66,749
Chairperson M Shields	44,587	74,261
Councillor R Thomas	0	13,676
Councillor C Turver	73,747	68,618
Councillor F Wilde	44,051	29,859
Councillor D Werry	0	20,723

**Chief Executive Remuneration**

For the year ending 30 June 2006 the Chief Executive of the Greater Wellington Regional Council, appointed under section 42(1) of the Local Government Act 2002, received total remuneration of \$239,000 (2005 \$313,000). The Chief Executive was appointed on 5 September 2005.

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2006**

**NOTE 20**

	<b>Group 2006 \$000's</b>	<b>Group 2005 \$000's</b>	<b>Council 2006 \$000's</b>	<b>Council 2005 \$000's</b>
<b>RECONCILIATION OF OPERATING SURPLUS WITH CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Operating Surplus</b>	<b>7,617</b>	<b>12,673</b>	<b>5,880</b>	<b>10,795</b>
<b>Add non-cash items</b>				
Depreciation	14,364	14,221	9,321	9,454
Impairment of cranes	1,320	3,048	0	0
Net Loss (Gain) on Sale of Property, Plant & Equipment	300	(3,006)	300	(2,984)
(Gain) on sale of Medical Waste	(133)	0	0	0
Assets Written Off / (Written Back)	1,310	594	2	4
Equity Accounted Earnings from Associate Companies	(136)	(165)	0	0
Decrease (Increase) in Value of Investments	1,745	101	(531)	(496)
Decrease (Increase) in future tax benefit	27	(1,201)	0	0
Decrease (Increase) in deferred taxation liability	750	0	0	0
Bad debt expense	(112)	0	(27)	0
Change in provision for doubtful debts	249	0	0	0
<b>Add (Less) Movements in Working Capital</b>				
Decrease (Increase) in Accounts Receivable	3,159	(1,046)	2,929	(27)
Decrease (Increase) in Inventory	(239)	(21)	(147)	25
Decrease (Increase) in Tax Refund Due	(827)	144	0	0
Increase (Decrease) in Accounts Payable	3,734	(3,226)	219	(3,925)
Increase (Decrease) in Employee Provisions	98	(395)	(9)	(144)
Increase (Decrease) in WRC Holdings Group Current Account	0	0	78	437
<b>Add (Less) Items Classified as Investing Activities</b>				
Decrease (Increase) in Accounts Payable Related to Property, Plant & Equipment	(4,559)	(1,475)	(993)	(559)
Dividends Paid/Payable	0	313	0	0
Sinking Funds Interest Compounded	0	(83)	0	(83)
<b>Add (Less) Items Classified as Financing Activities</b>				
Forestry Encouragement Loan Interest Compounded	407	426	407	426
<b>Net Cash Flow From Operating Activities</b>	<b>29,074</b>	<b>20,902</b>	<b>17,429</b>	<b>12,923</b>
	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2006**

**NOTE 21**

**RELATED PARTIES**

Greater Wellington owns 100% of the shares in WRC Holdings Limited and indirectly, 76.9% of the shares of CentrePort Limited. Councillors Shields, McDavitt, Buchanan and Long are directors of WRC Holdings Ltd, Pringle House Ltd and Port Investments Ltd. Councillor FR Long owns 50% of the Sign Factory.

Councillor F Wilde is Chair of Wellington Waterfront Limited and is married to the Chief Executive of Landcorp Farming Limited. Greater Wellington purchased Waitangirua Farm from Landcorp during the year. Councillor F Wilde was not present at any meeting where this matter was discussed and did not take part in the decision to purchase the farm.

All transactions with related parties have been carried out on normal commercial terms. Significant transactions during the year ended 30 June 2006 included:

	<b>Council 2006 \$000's</b>	<b>Council 2005 \$000's</b>
<b>CentrePort Wellington Group</b>		
Income from Use of Navigational Facilities and Consents Charges	707	695
Expense for Rental & Services	(49)	(64)
Wellington Waterfront Ltd licence fees from CentrePort	153	105
<b>WRC Holdings Group ( Excluding CentrePort )</b>		
Income from Management Services Provided	249	247
Income from Subvention Payment	519	477
Income from Dividends	395	651
Expense for Rent of the Regional Council Centre	(1,184)	(1,178)
Expense for Interest on Inter Company Current Account	(162)	(142)
<b>Sign Factory</b>		
Expense for Services	(13)	(2)
<b>Wellington Waterfront Ltd</b>		
Resource consent fees	(22)	(19)
Other income	(2)	0
<b>Land Corp Farming Limited</b>		
Purchase of Waitangirua Farm	(5,600)	0

**NOTE 22**

**SUBSEQUENT EVENTS**

There have been no significant events subsequent to balance date that would materially affect these accounts.



## Report on groups of activities

### Report on Groups of Activities, including Statement of Service Performance

Environment management	57
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Land management	104
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Parks and forests	119
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For each activity the actual achievement is compared to the planned performance indicators as set out in the 2005/2006 Annual Plan.

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

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

## Environment management

Greater Wellington Environment Management group of activities all affect the environmental well-being of the region and, to varying degrees, the social, economic and cultural well-being.

Greater Wellington develops and implements resource management policies and plans, manages resource consents and responds to pollution incidents.

Our environmental education programmes promote good environmental management and are targeted at schools and businesses, as well as the general community through community care groups. This year, we have engaged with more than 3,000 primary school students through the Take Action programme. We have also produced a new educational programme dealing with air quality, transport and climate change issues.

This year, we have also reported on the region's environmental health through *Measuring Up*, our state of the environment report. Produced every six years, this report summarises the health of the region's natural and physical resources, and allows us to gauge how well we are achieving the objectives of the Regional Policy Statement. Our cultural health is also highly influenced by the state of the environment. *Measuring Up* also signals the beginning of the review of the Regional Policy Statement, which is a major activity in the coming year.

Together with other councils, emergency services and health providers, we plan for and deliver emergency management in the region. Greater

Wellington also regulates the region's harbours and coastal waters, ensuring they are safe for commercial and recreational users. In accordance with the requirements of the New Zealand Port and Harbour Marine Safety Code, a risk assessment for Wellington Harbour was completed and approved by Maritime New Zealand during the year.

This major piece of work now forms the basis for the ongoing development of our Safety Management System for Wellington Harbour. Both our harbour and emergency management activities contribute to the region's social and economic well-being.

# Environment management

## Progress on our contributions

### **Biodiversity**

Protecting, restoring ecosystems

Two additional wetlands and 13 additional native forest areas on private land were approved for covenants, with Greater Wellington financial support.

### **Water**

Managing quality and quantity of all our water

Water quality in the Ngarara Stream near Waikanae and also the Wainuiomata River (following the removal of sewage discharges) has improved as shown in Measuring Up, the state of the environment report.

61.8% of all water samples taken at 76 coastal sites met the guidelines.

### **Air**

Preventing air pollution

There were 17 recorded instances where the 'alert' level of air pollution was reached.

### **Energy**

Promoting every day conservation

A baseline figure of 4,707 tonnes of carbon equivalent was established for the 2003/04 year, using the national best practice methodology EBEX 21, managed by Landcare Research. Our carbon footprint reduced in the 2004/05 year to a level of 4,533 tonnes of carbon equivalent. Electricity use remains the biggest component of this footprint.

### **Land**

Protect and enhance soil quality

118 sites have been sampled since the programme started in 2000/01 to provide a baseline for monitoring soil quality and intactness. Repeat sampling was done this year and results are currently being analysed.

### **Waste**

Encourage waste reduction and safe disposal.

Respond to pollution incidents. Pollution prevention.

### **Safety and hazards**

Promoting safety, harbour management, civil defence

### **Community**

Supporting environmental care groups

36 businesses participated in waste reduction projects initiated during the year.

During the year, 1,362 pollution incidents were reported across the region, a 19% increase from 1,141 in 2002/03.

In a survey on community preparedness, 27% of residents claim to have an emergency plan while about 76% of all households claim to have emergency survival supplies

There were no significant accidents in the region's harbours or coasts.

Three new groups joined the Take Care programme this year and two existing groups successfully re-applied for funding to complete new projects.

# Environment management

## Managing resources

### Targets

LONG-TERM by 30 June 2013

The Regional Policy Statement and regional plans are implemented to achieve their stated objectives and the following Quality for Life measures:

- 50 wetlands legally protected.
- 400 native forest areas on private land protected.
- The water quality of our six most polluted streams improves.
- No significant deterioration of water quality in our key streams and rivers.

### Actual

Greater Wellington has five regional plans: the Regional Coastal Plan, the Regional Freshwater Plan, the Regional Plan for Discharges to Land, the Regional Air Quality Management Plan and the Regional Soil Plan. The objectives and policies of the plans are designed to deliver sustainable outcomes. All the plans are operative.

- Currently, there are 30 wetlands on private land legally protected. In 2005/06, two were approved for covenants with Greater Wellington's financial support.
- Currently, 179 native forest areas are legally protected. This includes 13 native forest areas approved for covenants with Greater Wellington's financial support in 2005/06.
- The six most polluted streams are Waiwhetu, Kaiwharawhara, Ngarara, Makoura, Waitohu and the Ruamahanga River. The technical report on water quality has showed that the quality of the Ngarara and Waitohu streams has improved since 1999, while the others have showed no change.
- The technical report showed no significant deterioration of water in the region's key streams and rivers.

## Environment management

### Managing resources continued

- Coastal water quality does not fall below the standard for which it is being managed.
- Greater Wellington's carbon footprint reduced by 10% per annum.
- Greater Wellington's waste reduced by half.

### Actual continued

- Forty seven (61.8%) of the 76 coastal sites monitored for bathing water quality over the past summer achieved 100% compliance with recreational water quality guidelines. Nineteen sites (25%) exceeded the action guidelines on one occasion while ten sites (13.2%) exceeded the guideline on two or more occasions. The majority of these exceedences were associated with some rainfall in the 72 hours before sampling.
- A benchmark figure of 4707 tonnes of carbon equivalent was established in 2003/04. This was reduced to 4,533 tonnes of carbon equivalent in 2004/05. Our carbon footprint has increased to in 2005/06 to a level of 4,823, as we pumped additional water throughout the region.
- Waste surveys undertaken at our Wellington office showed a daily reduction in waste from 111 kgs in 2003/04 to 23 kgs in 2005/06 (a 79% reduction). During 2004/05, our rubbish collection from all our sites was reduced by 369,000 litres, a 35% decrease on the previous year.

## Environment management

### Managing resources continued

#### Targets

SHORT-TERM by 30 June 2006

A review of the Regional Policy Statement will be commenced to the satisfaction of the Council within a budget of \$75,000.

The implementation of the Regional Policy Statement and regional plans will have continued by progressing the following:

- Wetland Action Plan

#### Actual

Regional Policy Statement Review

The Regional Policy Statement review started with publishing *Measuring Up* and is progressing on schedule. A number of workshops with councillors and other stakeholders took place. Our region – Their Future, a discussion document on the Regional Policy Statement review, was released in May for public submission. We will prepare a draft Regional Policy Statement once we've considered feedback on the review and other emerging issues.

Actual costs were \$28,000.

Wetland Action Plan

- This year, 21 landowners joined the wetland incentives programme and 20 landowners received incentives (not necessarily the same 20). Subsidised weed control and fencing remain the most popular incentives offered. About 0.5 km of fencing was subsidised under this programme this year.
- In June, scientists from NIWA and Landcare Research visited the region as part of a national wetland research programme. Four wetlands from this region have been included as case studies in this programme: two are on private land and two are on Greater Wellington land. Participating in this research programme will help address gaps in our knowledge about wetlands.

## Environment management

### Managing resources continued

- QEII Trust private land protection programme

### Actual continued

- The first *Wild about waters and wetlands* newsletter was sent to more than 100 landowners involved in the Streams Alive or wetland programmes.
- *So you're thinking about building a pond*, a guide to the design, management and consent requirements for landowners, was produced and distributed.
- An estuarine wetland plant identification day at Waikanae Estuary was organised.

### QEII National Trust private land protection programme

Commitments totalling \$75,000 were made this year to covenant projects which, when finalised, will protect 215.2 hectares of predominantly lowland forest.

## Environment management

### Managing resources continued

#### Targets

SHORT-TERM (continued)

- Waiwhetu Stream action plan
  
  
  
  
  
  
  
  
  
  
- Kaiwharawhara Stream plan

#### Actual

Waiwhetu Stream action plan

- Good progress was made to ensure that the flood protection study is integrated with the broader stream rehabilitation programme.
- The results from a project sampling the stormwater from the Gracefield area confirm that elevated levels of contaminants are entering the stream via the stormwater system. Possible solutions to the problem with Hutt City Council are being explored.
- An associated project examining the levels of contamination in groundwater is due for completion by 31 March 2007.

Kaiwharawhara Stream plan

- Three signs were erected in early December at Kaiwharawhara Road (highlighting the School Road work), Trelissick Park (with a focus on the area's heritage and natural values) and near Otari. The signs contain generic information about the Kaiwharawhara catchment and Project Kaiwharawhara, together with site-specific information about work that has been completed in each of the locations.
- Ten small signs were erected at locations to highlight that the adjoining stream is part of the wider Kaiwharawhara catchment.
- Work has progressed on two fish passes to help fish move further upstream. We have the resource consents for the work and the construction work is expected to be completed by September 2006.



## Environment management

### Managing resources continued

- Waitohu Stream improvement project

### Actual continued

#### Waitohu Stream improvement project

- We reported to the Landcare Committee in March and the Environment Committee in April. The report summarised the findings of a range of technical investigations and consultation. The report was sent for public comment in May.

## Environment management

### Managing resources continued

#### Targets

SHORT-TERM (continued)

- Riparian management strategy

#### Actual

Riparian management strategy

The riparian strategy was completed in 2002, and Greater Wellington is managing pilot programmes on the Karori and Kakariki Streams where streamside planting is continuing.

## Environment management

### Managing resources continued

#### Targets

SHORT-TERM (continued)

- Pauatahanui Inlet action plan
  
  
  
  
  
  
  
  
  
  
- Greater Wellington's carbon footprint programme
  
  
  
  
  
  
  
  
  
  
- Coastal and marine ecosystem programme

#### Actual

Pauatahanui Inlet action plan

- The Vegetation Frameworks project is jointly funded by the Ministry for Environment's Sustainable Management Fund, Porirua City Council and Greater Wellington. It involves developing a broad-scale restoration plan for the rural parts of the Pauatahanui catchment and is near completion. The project has been very well-received by landowners and we are exploring options to ensure the project continues.

Greater Wellington's carbon footprint programme

- When energy use figures are finalised, Greater Wellington will calculate its carbon footprint for the 2005/06 year. Last year's footprint was 4,534 tonnes of carbon equivalent.

Coastal and marine ecosystem programme

- This is a survey of the intertidal zones of the Kapiti Coast, Plimmerton Beach, Titahi Bay and Makara estuary, and continues the survey done in the Wellington Harbour and South Coast last year. The results were presented to the April Environment Committee meeting.

## Environment management

### Managing resources continued

#### Targets

SHORT-TERM (continued)

- Freshwater ecosystems programme

To the satisfaction of the Council and within a budget of \$752,000.

#### Actual

Freshwater ecosystems programme

- A field survey of potential sites for constructing fish passes this year was carried out. We identified nine locations on five streams and completed a report containing concept designs for fish passes. Consents have been granted to construct two of the fish passes.

Actual costs were \$423,000.

## Environment management

### Managing resources continued

#### Targets

LONG-TERM by 30 June 2013

Decisions on resource consents (including compliance and enforcement) will be consistent with the policies and objectives of the Regional Policy Statement and regional plans.

SHORT-TERM by 30 June 2006

All consent applications will be processed according to the procedures set down in the Resource Management Act 1991 and the Consents Processing Procedures manual, within a budget of \$600,000.

All consents will be monitored according to the procedures set down in the Resource Management Act 1991 and the Compliance Monitoring Procedures (CMD) manual, within a budget of \$294,000.

#### Actual

All officers' reports on consent applications have been referenced and are consistent with the Regional Policy Statement and relevant regional plan.

670 consents were processed in the region. Other than 15, which were processed outside of statutory time frames, all these consents were completed according to the Resource Management Act 1991 and the CMD manuals.

Actual costs were \$675,000.

Monitoring of granted resource consents is ongoing throughout the year. All consents programmed for inspection have been monitored in accordance with the Resource Management Act 1991 and our CMD manual. We provided an annual compliance report to the Environment Committee and Rural Services and Wairarapa Committee. Specific compliance issues were reported to Council throughout the year.

Actual costs were \$279,000.

## Environment management

### Managing resources continued

#### Targets

LONG-TERM by 30 June 2013

Greater Wellington and iwi of the region continue to have a mutually beneficial relationship.

SHORT-TERM by 30 June 2006

Ara Tahi will meet six times, within a budget \$37,000.

#### Actual

Greater Wellington has continued to make significant progress in maintaining and improving its relationships with the region's iwi. A number of workshops and training forums were held to increase the knowledge and understanding of councillors, staff and iwi representatives.

It has continued to fund iwi to participate in the non-notified resource consent process and to undertake resource management projects.

This year, two iwi appointees sat the second level accreditation training for hearing commissioners, and a further three sat the first level of this training.

Ara Tahi met six times this financial year. Two representatives from Ara Tahi are also part of the Wellington Regional Strategy Forum and this year, the chairman of Ara Tahi was formally appointed as a member of Greater Wellington's Environment Committee, with full voting rights.

A number of Ara Tahi technical workshops were also held during the year, including workshops to discuss the role of iwi appointees on resource consent hearings, amendments to the Resource Management Act 1991, and on the review of the Regional Policy Statement. Ara Tahi continued to be used as a forum for collective discussion and to provide policy advice to Council.

Actual costs were \$16,000.

## Environment management

### Managing resources continued

#### Targets

SHORT-TERM by 30 June 2006

Iwi will be assisted to undertake projects according to the provisions of the relevant contract and within a budget \$263,000.

#### Actual

Greater Wellington supports iwi to undertake projects that have mutual benefits and also assist iwi to become more involved in the management of resources. This year, the Wellington Tenth's Geographic Information Systems project was concluded with an agreement on the sharing of data, the development of protocols and data transfer to Greater Wellington. Te Ati Awa ki Taranaki completed an iwi management plan, and a proposed project at Hongoeka quarry at Plimmerton was investigated.

Actual costs were \$80,000.

## Environment management

### Managing resources continued

#### Targets

LONG-TERM by 30 June 2013

Greater Wellington has sufficient information about its natural and physical resources to:

- have a comprehensive understanding of the state of the environment.
- enable the assessment of the effectiveness of resource consents and other management approaches, in achieving stated environmental outcomes.
- ensure the community has access to reliable and relevant information about the state of the environment.

No recorded instances when air pollution reaches the 'alert' level of the national air quality guideline.

#### Actual

*Measuring Up*, the state of the environment report for the Wellington region, was published in December 2005. The report provides key information about the health of the region's natural and physical resources, and allows us to assess how well we are achieving the course set in the 1995 Regional Policy Statement. A series of report cards summarising the key findings of the full report was also prepared.

*Measuring Up* is the beginning of a review of the Regional Policy Statement (RPS), a process that will give us a chance to propose any changes to the RPS that may be needed to enable us to better manage the state of the region's natural and physical environment.

- Report cards produced annually.
- The community can access all information via the website or on request.

For the year ended 30 June 2006, the 'alert' level for fine particulate matter (PM<sub>10</sub>) was reached 16 times at the following locations:

- Lower Hutt – once
- Masterton – ten times
- Upper Hutt – once
- Wainuiomata – four times.

The 'action' level for PM<sub>10</sub> was reached once in Masterton in June 2006.



## Environment management

### Managing resources continued

#### Targets

SHORT-TERM by 30 June 2006

A comprehensive state of the environment report will be published to the satisfaction of the Council and within a budget of \$90,000.

Annual report cards containing summary information for the following natural resources will be published:

- hydrology
- groundwater
- freshwater quality
- coastal water quality
- recreational water quality
- air quality
- soil quality

to the satisfaction of the Council and within a budget of \$1,681,000.

#### Actual

*Measuring Up*, the state of the environment report for the Wellington region, and individual report cards, were published in December 2005. Both *Measuring Up* and individual report cards cover each Regional Policy Statement chapter: iwi environmental management systems, fresh water, soils, coastal environment, air quality, biodiversity and the state of our ecosystems, landscape and heritage, waste management and hazardous substances, and built environment and transportation.

Actual costs were \$81,000.

Annual report cards were presented to the Policy, Finance and Strategy Committee on 15 December 2005. The report cards helped give the detail needed for producing *Measuring Up*.

Actual costs were \$1,728,000

## Environment management

### Managing resources continued

#### Targets

LONG-TERM by 30 June 2013

Reported pollution incidents are reduced to half of 2002/03 total.

SHORT-TERM by 30 June 2006

All complaints and notified pollution incidents will be responded to, recorded and, where appropriate, followed up to the satisfaction of the Environment Committee and within a budget of \$232,000.

An annual pollution report card will be produced to the satisfaction of the Council.

The number of pollution complaints received will reduce by 15% of the 2002/03 total.

#### Actual

A total of 1,362 incidents were responded to and where appropriate followed up. This is a 19% increase on the 2002/03 total of 1,141. Regular reports were provided to the Environment Committee and Rural Services and Wairarapa Committee.

An annual pollution control report card was presented to the Environment Committee on 30 May 2006 and was widely distributed.

Actual costs were \$352,000

# Environment management

## Environmental education

### Targets

LONG-TERM by 30 June 2013

Greater Wellington will implement imaginative and innovative environmental education programmes for schools, businesses and the general community to achieve the following Quality for Life measures:

- Five new care groups are established per annum.
- 80% of people surveyed are doing something positive for the environment.
- 80% of businesses surveyed have waste reduction initiatives in place.

SHORT-TERM by 30 June 2006

Through the Take Care programme, existing care groups will be maintained and five new care groups will be established and assisted in providing local environmental care, to the satisfaction of the Council and within a budget of \$280,000.

### Actual

- We established three new care groups in 2005/06. Two further groups, which had completed their original projects, re-applied and were approved to start new projects at new sites.
- A July 2005 survey showed that 76% of people surveyed feel that they are doing something to make a positive difference to the region's environment.
- No businesses were surveyed on their waste reduction initiatives. However, 36 businesses have participated in waste reduction projects initiated during the year. The Take Charge programme for business carried out 30 audits during the year.

Thirty-two funded care groups worked steadily on their projects this year (27 of these care groups are from previous years). Three new groups started projects on the Enaki Stream, the Waikanae River (at Ngati Awa) and the Porirua Stream (at Churton Park). Two groups that had completed projects started new projects on the Porirua Stream and Kaiwharawhara Stream. The latter project is a combined effort with the Trelissick Park Working Group.

## Environment management

### Environmental education continued

#### Actual continued

Major achievements this year:

- Good progress was made clearing willows and replanting at the Moehau Stream through the combined efforts of community service volunteers, Fergusson Intermediate pupils (doing Take Action), Upper Hutt City Council, and care group members.
- A grant from Ministry for Environment's Sustainable Management Fund supported the group working on Hulls Creek to construct a fish pass and remove willows.
- Additional funds were obtained by the Waikanae Estuary group to expand its restoration work.
- The Otari-Wilton's Bush group planted a further 3,000 plants in its restoration area.
- A second demonstration area of native grasses and ground cover was created at Riversdale beach; a sand ladder was constructed to access the beach; and acacia was removed from the reserve at the southern end of the beach.
- More than 500 native trees planted in the riparian zone on the Motuwaireka Stream.
- The Friends of the Waikanae River planted 3,000 plants on the south bank of the river.

## Environment management

### Environmental education continued

#### Actual continued

- Community members and volunteers planted extensively at the Battle Hill Farm Forest Park's wetland and the remnant forest, and Queen Elizabeth Park's wetland.
- Friends of Maara Roa continued ongoing pest control and planting at Cannons Creek.
- Groups at Henley Wetland, Waitohu Stream, Paraparaumu Beach, Eastbourne Beach, Greendale, Enaki Stream and the Papawai Stream continued ongoing weed removal and replanting.
- A brochure and signage were developed to advertise the work of the Friends of Owhiro Stream and recruit new members. The group also continued weed removal and replanting.

Otari-Wilton's Bush Care Group won a major award at the 2005 Conservation Awards for its restoration activities, while the Manuka Street Group won a merit conservation award and a Weedbusters Award. The Trelissick Park Group and the Henley Lake Group also received Weedbuster Awards.

Actual costs were \$235,000.

## Environment management

### Environmental education continued

#### Targets

SHORT-TERM (continued)

The Take Action environmental education programme for school children will be implemented to the satisfaction of the Council and within a budget of \$243,000.

#### Actual

Twenty-four schools and 3,300 students have completed Take Action during the year, some 1,000 more students than the previous year.

The Take Action for Air pilot, the companion programme to Take Action, was developed and will be taken up by the first school in July 2006. Hutt City was a focus for the year and a significant number of Hutt schools have participated in the Take Action for Air programme.

Greytown School, a Take Action school, won an award at the 2005 Conservation Awards after it was nominated by Greater Wellington.

Nine of the 15 schools receiving awards at the 2005 Conservation Awards in November were Take Action schools.

Actual costs were \$262,000.

## Environment management

### Environmental education continued

#### Targets

SHORT-TERM (continued)

The Take Charge environmental education programme for businesses will be implemented to the satisfaction of the Council and within a budget of \$169,000.

#### Actual

Take Charge completed 30 audits during the year.

Twenty-eight re-visits were completed. These visits review progress made in implementing the recommendations of the original audits. The major focus for the year was the businesses on Drain 6, a tributary of the Wharemauku Stream at Paraparaumu.

A number of one-off audits were undertaken at sites identified as having specific issues that required assessment.

Other initiatives undertaken to promote business sustainability:

- A three-month trial with businesses in the Majestic Centre, focussed on waste minimisation, resulted in 23.5 tonnes of recyclable material and 1630 litres of food waste being diverted from landfill to recycling and composting.
- EnviroSmart, a three-year environmental programme for manufacturing and commercial businesses, started in the region. Greater Wellington is a co-funder of this programme.
- Twenty-five businesses are participating in the Get Sustainable Challenge, an awards programme that rewards businesses for making sustainability improvements.

Actual costs were \$124,000.

## Environment management

### Managing emergencies

#### Targets

LONG-TERM by 30 June 2013

By 2013, 70% of organisations and households have an emergency plan and survival supplies.

SHORT-TERM by 30 June 2006

35% of organisations and households will have an emergency plan and survival supplies, within a budget of \$45,000.

#### Actual

A survey conducted in 2006 showed that:

- 70% of households (65% in 2005) have emergency food supplies
- 71% (69% in 2005) have emergency water supplies
- 27% (26% in 2005 and 31% in 2004) have an emergency plan.

Actual costs were \$37,000.



## Environment management

### Managing harbours

#### Targets

LONG-TERM by 30 June 2013

There will not be any accidents in our harbours and coasts and oil spills will be cleaned up quickly.

SHORT-TERM by 30 June 2006

The Beacon Hill Harbour Communications Station will provide a 24-hour, 365-day service, which is in accordance with Council-agreed operating standards, within a budget of \$319,000.

Reports of oil spills in harbour waters will be checked within 30 minutes and clean-up action for actual oil spills commenced within one hour of being reported in harbour waters and within three hours of being reported in regional coastal waters, all within a budget of \$13,000.

A formal log will be kept and incidents followed up whenever possible.

#### Actual

One fatality was recorded in Wellington Harbour during 2005/06. A seaman was lost overboard from an oil tanker near the Wellington Harbour entrance.

No significant oil spills occurred during the 2005/06 year.

Actual costs were \$363,000.

The Beacon Hill Harbour Communications Station provided a 24-hour 365-day communications service in accordance with Greater Wellington's specified standards. Since 2 September 2005, the Beacon Hill Station has used an automatic identification system (AIS). This tracks the movement of sea vessels and is an important part of our Safety Management System.

Thirty reports of oil spills were received and all were checked within 30 minutes. None of these reports was significant and only one required some clean-up work.

On 3 and 4 May 2006, Maritime New Zealand held operation Hard Rock, a major Tier 3 oil-response exercise. This exercise involved staff from Greater Wellington and Marlborough District Council.

A formal log has been kept.

Actual costs were \$6,000.

## Environment management

### Managing harbours continued

#### Targets

SHORT-TERM (continued)

Within a budget of \$96,000, safety in our harbours and coastal waters will be maintained by:

- administering the Wellington Regional Navigation and Safety Bylaws
- educating recreational boaters and harbour users about safety issues
- monitoring behaviour for safety purposes
- investigating all reports of unsafe behaviour. A formal record will be kept.

The Port and Harbour Safety management system will be completed and implementation started within a budget of \$200,000.

#### Actual

- Further copies of the Regional Navigation and Safety Bylaws were distributed as required. The bylaws were promoted at various events.
- In June 2006, Greater Wellington considered the future of the Lyall Bay reserved area, which is provided under the Navigational and Safety bylaws. Various groups that use the area have articulated some safety concerns. As a result, the bylaw provision relating to the reserved area will be formally reviewed in the coming year.
- No significant events were reported during the year. However, we responded to 39 complaints of unsafe boatie behaviour. A formal log was kept of these incidents.

Actual costs were \$125,000.

In accordance with the requirements of the New Zealand Port and Harbour Marine Safety Code, and in conjunction with CentrePort, a risk assessment for Wellington Harbour was completed and approved by Maritime New Zealand. This major piece of work now forms the basis for the ongoing development of our Safety Management System for the Harbour.

While the risk management assessment was completed, funds associated with the implementation of the Safety Management System were not drawn on in 2005/06.

# ENVIRONMENT MANAGEMENT

## Financial Summary

	Council 2006 Actual \$000's	Council 2006 Budget \$000's
<b>FUNDING STATEMENT</b>		
General Rate	10,393	10,393
Other Rates	0	0
Government Subsidies	193	125
Interest & Dividends	14	14
Fees, Charges & Other Revenue	2,103	1,909
<b>Operating Revenue</b>	<b>12,703</b>	<b>12,441</b>
Direct Operating Expenditure	12,017	12,199
Interest	0	7
Depreciation	339	397
<b>Operating Expenditure</b>	<b>12,356</b>	<b>12,603</b>
<b>Operating Surplus/(Deficit)</b>	<b>347</b>	<b>(162)</b>
<b>Less:</b>		
Capital Expenditure	329	701
Proceeds from Asset Sales	(10)	(36)
Loan Funding		(200)
<b>Rates Funded Capital Expenditure</b>	<b>319</b>	<b>465</b>
Debt Repayment	4	16
Investment Additions		0
Reserve Movements	132	(246)
Working Capital Movements	0	0
Non-Cash Items	(339)	(397)
<b>Net Funding Required</b>	<b>231</b>	<b>0</b>

	Council 2006 Actual \$000's	Council 2006 Budget \$000's
<b>OPERATING REVENUE</b>		
Managing Resources	9,432	9,201
Environmental Education	999	997
Managing Harbours	1,547	1,553
Managing Emergencies	725	690
<b>Total Operating Revenue</b>	<b>12,703</b>	<b>12,441</b>
	-	-
<b>OPERATING EXPENDITURE</b>		
Managing Resources	9,109	9,377
Environmental Education	1,075	1,033
Managing Harbours	1,557	1,577
Managing Emergencies	615	616
<b>Total Operating Expenditure</b>	<b>12,356</b>	<b>12,603</b>
	-	-
<b>CAPITAL EXPENDITURE</b>		
Land & Buildings	0	50
Plant & Equipment	254	545
Vehicles	75	106
<b>Total Capital Expenditure</b>	<b>329</b>	<b>701</b>
	-	-

## Regional transport

The Regional Transport activities continued to significantly affect well-being in general and specifically the economic, environmental and social dimensions. Economic well-being was enhanced through the contribution made to getting people to work on the public transport system. It was also enhanced through the transport planning role, which includes facilitation of freight movement as well as movement by all types of vehicles for work purposes.

Environmental well-being is enhanced through contracting public transport services. This results in fewer vehicles on the roads, particularly at congested times, and leads to lower environmental impacts. Greater Wellington also encourages cycling and walking, which are more environmentally friendly modes and also have positive spin-offs in terms of fitness.

Many public transport journeys are made for social reasons. The support we offer for special transport programmes for people with disabilities also leads to improved social well-being.

# Regional transport

## Progress on our contributions

### Air

Promoting reduced vehicle emissions

None of the 17 instances of high levels of fine particulate matter were recorded at transport air quality monitoring stations.

### Energy

Encourage use of public transport, cycling and walking

In 2006, 74% of trips up to 1 km were made by walking or cycling (active modes). This result is identical to that produced by the first survey in 2004.

Active modes of travel accounted for 27% of trips between 1-2 kms in the 2006 survey. This compares with 19% in 2004.

In 2005/06, 35 million passenger trips were made on the region's public transport network, an increase of 8.1% from 2004/05.

An increase of 8.7% on 2004/05 resulted in 440 million passenger kilometres travelled using public transport in 2005/06.

Fuel sales grew from a total of 459 million litres to 464 million litres in 2005, an increase of 1.1% on 2004.

### Transport

Funding public transport services and facilities to:

- achieve a balance of public and private transport use
- encourage active modes of transport
- maintain access to key facilities.

### Safety and hazards

Promoting safety within our transport systems

45% of work trips into central Wellington were made by private vehicle in 2001. This information will be updated every five years (national census).

In 2006, 74% of trips up to 1 km were made by walking or cycling (active modes). This result is identical to that produced by the first survey in 2004.

Active modes of travel accounted for 27% of trips between 1-2 kms in the 2006 survey. This compares with 19% in 2004.

The March 2006 travel time survey on representative routes to key facilities showed a 17% decrease in congestion from 2004/05.

In 2006, less than 1% of those who said they had not used public transport in the past 12 months cited safety concerns as a reason for not using public transport. This falls just short of the target, met in 2003 and 2004, that "no-one cites safety as a reason why they do not use public transport".

## Regional transport

### Planning and monitoring the transport network

#### Targets

LONG-TERM by 30 June 2013

Greater Wellington will maintain and continue to monitor the delivery of an affordable Regional Land Transport Strategy (RLTS) that is consistent with any National Land Transport Strategy and which reflects the prevailing community views, as expressed through a public consultation process, to achieve the following Quality for Life measures:

- Essential community facilities can be easily accessed – with no more than a 1% per annum worsening of congestion despite traffic growth.
- Over the next ten years there is no recorded instance when air pollution reaches the ‘alert’ level of the national ambient air quality guidelines due to traffic.
- By 2013, less than 45% of work trips to central Wellington are being made by private car.
- By 2013, 65% of all trips up to 1 km and 48% of all trips up to 2 kms are walked or cycled.
- Over the next ten years petrol and diesel used for transport purposes remain below 400 million litres per annum.

#### Actual

- The March 2006 travel time survey on representative routes to key facilities showed a 17% decrease in congestion from 2004/05
- None of the 17 instances of high levels of fine particulate matter were recorded at transport air quality monitoring stations.
- 45% of work trips into central Wellington were made by private vehicles in 2001. This information will be updated every five years (national census).
- In 2006, 74% of trips up to 1 km were made by walking or cycling (active modes). This result is identical to that produced by the first survey in 2004. Active modes of travel accounted for 27% of trips between 1-2 kms in the 2006 survey, compared with 19% in 2004.
- Fuel sales grew from a total of 459 million litres to 464 million litres in 2005, an increase of 1.1% on 2004.

## Regional transport

### Planning and monitoring the transport network continued

#### Targets

SHORT-TERM by 30 June 2006

The review of the Regional Land Transport Strategy (RLTS) will continue within a budget of \$400,000.

A series of cycling promotion initiatives will be implemented within a budget of \$117,000.

Continue support of initiatives that focus on land transport outcomes in the region, for example, by supporting the Regional Road Safety week.

#### Actual

Expenditure on the review of the RLTS to 30 June 2006 was \$15,900. This work programme was delayed in order to co-ordinate with the Wellington Regional Strategy and the Western Corridor Plan review processes.

A total of \$78,900 was spent on cycling promotion during the year.

Greater Wellington supported regional safety initiatives with \$35,800 spent. This included a Drive to the Conditions promotion.

## Regional transport

### Building the public transport infrastructure

#### Targets

LONG-TERM by 30 June 2013

Greater Wellington will maintain and develop public transport user facilities to conform to our quality and effectiveness criteria to achieve the following Quality for Life measures:

- Essential community facilities can be easily accessed – with no more than a 1% per annum worsening of congestion despite traffic growth.
- Safety concerns do not stop people using public transport.

SHORT-TERM by 30 June 2006

All current public transport user facilities will be maintained in accordance with the Council's guidelines to the satisfaction of the manager, transport policy, and within a budget of \$741,000.

Greater Wellington will provide additional bus-only lanes and bus priority systems within Wellington City in conjunction with Wellington City Council, within a budget of \$145,000.

#### Actual

The March 2006 travel time survey on representative routes to key facilities showed a 17% decrease in congestion from 2004/05.

In 2006, less than 1% of those who said they had not used public transport in the past 12 months cited safety concerns as a reason for not using public transport. This falls just short of the target, met in 2003 and 2004, that "no-one cites safety as a reason why they do not use public transport".

All current public transport user facilities were maintained in accordance with Greater Wellington's guidelines to the satisfaction of the Divisional Manager, Public Transport. During 2005/06, \$673,700 was spent maintaining 2,803 bus stops, 783 bus shelters and parking areas, and 58 train stations.

Additional improvements to the region's public transport infrastructure during 2005/06 include: increased numbers of car parking spaces at Solway, Waikanae and Waterloo train stations; improved security and lighting at Porirua train station; 15 new bus shelters across the region; and the rollout of new Metlink bus stop signs.

We spent \$122,000 in 2005/06 on the Petone Esplanade bus lane, upgrades to bus stop access at Taita station, and maintenance of existing bus lanes and priority measures (traffic light pre-emption) within Wellington City.



## Regional transport

### Funding and promoting public transport

#### Targets

LONG-TERM by 30 June 2013

Greater Wellington will purchase passenger transport services which conform to both the Greater Wellington's transport policies, as expressed by the Regional Passenger Transport Plan, and Greater Wellington's vehicle quality standards. The overall level of service will be progressively increased in response to growth in demand to achieve the following Quality for Life measures:

- By 2013 less than 45% of work trips to central Wellington are being made by private car.
- Essential community facilities can be easily accessed – with no more than a 1% per annum worsening of congestion despite traffic growth.
- Over the next ten years petrol and diesel used for transport purposes remain below 400 million litres per annum.

#### Actual

45% of work trips into central Wellington were made by private vehicle in 2001. This information will be updated every five years (national census).

The March 2006 travel time survey on representative routes to key facilities showed a 17% decrease in congestion from 2004/05.

Fuel sales grew from a total of 459 million litres to 464 million litres in 2005, an increase of 1.1% on 2004.

## Regional transport

### Funding and promoting public transport continued

#### Targets

SHORT-TERM by 30 June 2006

Greater Wellington will achieve, through the tendering process approved by Land Transport New Zealand, a total contract price for bus and rail services of no more than \$52,000,000.

All tendering and contract procedures will be carried out in accordance with the competitive pricing procedures approved by Land Transport New Zealand.

A 24-hour, 7-day passenger timetable enquiry service will be provided within a budget of \$426,000.

#### Actual

In 2005/06, a total of 35,015,084 passenger trips were made on the region's public bus, train and ferry services. This is an increase of 8.1% from 2004/05.

During the year a number of areas within the Wellington region benefited from public transport service improvements. These included: Whitby, Newlands, Evans Bay, Days Bay ferry and Miramar.

The total cost of contracted services, including concessionary fare reimbursements and school services, was \$48,917,920.

The tendering and contract procedures have been carried out in accordance with the competitive pricing procedures approved by Land Transport New Zealand.

On 3 October, Metlink was launched to bring the entire region's bus, train and ferry services under one name to make public transport information easier to find and services easier to promote. As a result of the greater awareness of Metlink and the services it provides, there has been a significant growth in call volumes handled by the Metlink Call Centre. This reached 388,799 calls in 2005/06, which is 19% more calls than in 2004/05. This meant that the cost of providing the Metlink Call Centre was greater than budget. Total expenditure was \$594,000.

## Regional transport

### Funding Total Mobility

#### Targets

LONG-TERM by 30 June 2013

Essential community facilities can be easily accessed – with no more than a 1% per annum worsening of congestion despite traffic growth.

#### Actual

The March 2006 travel time survey on representative routes to key facilities showed a 17% decrease in congestion from 2004/05.

## REGIONAL TRANSPORT Financial Summary

	Council 2006 Actual \$000's	Council 2006 Budget \$000's		Council 2006 Actual \$000's	Council 2006 Budget \$000's
<b>FUNDING STATEMENT</b>			<b>OPERATING REVENUE</b>		
General Rate	0	0	Funding & Promoting Public Transport Services	56,381	67,377
Targeted Rate	29,255	29,255	Building the Public Transport Infrastructure	4,414	4,448
Government Subsidies	34,328	48,803	Funding Total Mobility	2,162	2,226
Interest & Dividends	93	115	Planning & Monitoring the Transport Network	2,741	4,455
Fees, Charges & Other Revenue	2,022	333	<b>Total Operating Revenue</b>	<b>65,698</b>	<b>78,506</b>
<b>Operating Revenue</b>	<b>65,698</b>	<b>78,506</b>		-	-
<b>OPERATING EXPENDITURE</b>			<b>OPERATING EXPENDITURE</b>		
Direct Operating Expenditure	67,221	69,791	Funding & Promoting Public Transport Services	57,660	58,062
Interest	238	314	Building the Public Transport Infrastructure	5,145	5,534
Depreciation	350	353	Funding Total Mobility	2,294	2,233
<b>Operating Expenditure</b>	<b>67,809</b>	<b>70,458</b>	Planning & Monitoring the Transport Network	2,710	4,629
<b>Operating Surplus/(Deficit)</b>	<b>(2,111)</b>	<b>8,048</b>	<b>Total Operating Expenditure</b>	<b>67,809</b>	<b>70,458</b>
<b>Less:</b>				-	-
Capital Expenditure	548	11,995	<b>CAPITAL EXPENDITURE</b>		
Proceeds from Asset Sales	(2)	0	Rail	441	10,575
Loan Funding	(81)	(2,140)	Bus	0	1,000
<b>Rates Funded Capital Expenditure</b>	<b>465</b>	<b>9,855</b>	Other	0	270
Debt Repayment	462	404	<b>Major project expenditure</b>	441	11,845
Investment Additions	0	0	Land & Buildings	0	0
Reserve Movements	(2,680)	(1,858)	Plant & Equipment	78	150
Working Capital Movements	0	0	Vehicles	29	0
Non-Cash Items	(350)	(353)	<b>Total Capital Expenditure</b>	<b>548</b>	<b>11,995</b>
<b>Net Funding Required</b>	<b>(8)</b>	<b>0</b>		-	-

Delays in signing various transport contracts has caused the rescheduling of capital expenditure into following years. These delays have also affected the revenue received from the Crown by way of grants for public transport.

## Regional water supply

### Regional water supply

#### Targets

Economic well-being is very dependent on the continued supply of quality water from the city councils which, in turn, are supplied by Greater Wellington Water. Without this supply many industries simply could not function and, indeed, an availability of healthy water is an inherent requirement for well-being.

Greater Wellington Water supplied an adequate supply of water to our customers that met the Ministry of Health's Drinking-water Standards for New Zealand 2005 (DWSNZ). We also maintained certification to the ISO 9001:2000 quality management system standard and the ISO 14001:2004 environmental management system standard.

## Regional water supply

### Progress on our contributions

#### Water

A high-quality, cost-effective and environmentally friendly wholesale water supply

Records indicate that the water supplied fully complied 100% of the time with the DWSNZ. However, compliance is yet to be confirmed by the Hutt Valley District Health Board.

Complied with all resource consents held, apart from minor over-abstraction incidents and a minor unauthorised discharge.

#### Energy

Committing to energy reduction programmes

Greater Wellington Water uses a system optimiser that ensures water is produced when power costs are lowest and hence losses in the electricity network are minimised.

Power factor correction projects at three sites are partially complete. A further site will be fitted with power factor correction equipment in 2006/07. Power factor correction improves the efficiency of the electricity distribution system.

#### Safety and hazards

Secure water supply in emergencies

Current projects to secure water supply include:

- Relocating a vulnerable section of pipeline between State Highway 2 and State Highway 58. Work was completed by June 2006.
- Investigating, with Wellington City Council, a major new reservoir for the Wellington CBD. This would improve operational security of supply as well as provide water in an emergency.
- A new Karori Pumping Station will be more secure in a seismic event than the existing pumping station. Construction was completed by June 2006 and commissioning is well-advanced.

## Regional water supply

### Quality

#### Targets

LONG-TERM by 30 June 2013

The quality of water supplied will continually meet the Ministry of Health's DWSNZ. The related water supply infrastructure will be maintained and improved to meet the standards specified in the Regional Water Supply Asset Management Plan.

SHORT-TERM by 30 June 2006

The collection, treatment and delivery of water will be managed to ensure the quality of water supplied continually complies with the Ministry of Health's relevant Drinking-water Standards for New Zealand.

Water testing will be carried out by an International Accreditation New Zealand registered laboratory at sampling points defined by the quality assurance section of Greater Wellington Water, not less than five days out of every seven. Expenditure will not exceed the budget of \$640,000.

#### Actual

All water we treat currently meets Ministry of Health's DWSNZ. Hutt Valley District Health Board has confirmed full compliance for the 2005 calendar year with the microbiological and chemical requirements of the Drinking Water Standards for NZ 2000. This is for water leaving our water treatment plants and within the bulk distribution system.

Since January 2006, a more stringent standard has been in place and our records show that we have complied with its conditions.

Greater Wellington Water is certified to ISO 9001:2000 Quality Management Systems – Requirements. This is an adopted requirement for our wholesale water supply operations. Quality management procedures within the system ensure the high quality of all aspects of the water supply operation.

Te Marua Plant has a 'U' grade, which means it is ungraded. It was previously graded 'A' but the Public Health Services (part of HVDHB) has not issued a current grading.

A comprehensive monitoring and testing programme, complying with the requirements of the DWSNZ, has been undertaken. The quality of the water leaving the treatment plants has been continuously monitored, with results recorded every minute. The quality of the water in the bulk distribution system has been sampled and tested every second day at

## Regional water supply

### **Actual continued**

representative locations by an International Accreditation New Zealand accredited laboratory. The cost of routine laboratory testing was on budget at \$640,000.



## Regional water supply

### Quality continued

#### Targets

SHORT-TERM (continued)

The gradings of the water treatment plants at 1 July 2005 will be maintained.

Vegetation management and pest control measures will be carried out in the region's water supply catchments, in accordance with Greater Wellington's Forestry Management Plan and within a budget of \$220,000, so that the treatment plants receive good quality water.

Provided legislation is passed by 30 June 2005, five public health risk management plans will be prepared.

### Actual

'A1' grade signifies "completely satisfactory, negligible level of risk, demonstrably high quality".

'A' grade signifies "completely satisfactory, extremely low level of risk".

'B' grade signifies "satisfactory, very low level of risk".

Waterloo and Gear Island Water Treatment Plants are currently ungraded ('U') because the previous 'B' grades have lapsed and not been updated by the Hutt Valley District Health Board. It is expected that Gear Island Water Treatment Plant would achieve an 'A' grade if it was assessed. Waterloo Water Treatment Plant can only be graded 'B' because, at the request of Hutt City Council, chlorine is not added. The addition of chlorine provides a residual disinfection capability, which helps protect water against the risk of contamination in the distribution network.

Te Marua Water Treatment Plant has a 'U' grade. It was previously graded 'A'. Wainuiomata Water Treatment Plant has an 'A1' grade.

Vegetation management control was carried out in the catchments as required. The cost of this work was \$191,460.

Drinking water legislation was introduced to Parliament on 21 June 2006 but has not yet had a first reading. No draft risk management plans have been produced this year.

## Regional water supply

### Security of supply

#### Targets

LONG-TERM by 30 June 2013

Water will be available on a daily basis to meet the 1-in-50-year return period drought situation. The related water supply infrastructure will be maintained and improved to meet the standards specified in the Regional Water Supply Asset Management Plan.

#### Actual

Projections using a computer-based sustainable yield model show that at current growth rates, Greater Wellington's water supply infrastructure has less than a 1-in-50-year shortfall probability until about 2007. A 1-in-50-year shortfall probability was adopted after consultation with our customers. This is lower than that of Auckland's 1-in-200-year standard although the Auckland system is more reliant on storage and hence more susceptible to long-term droughts.

Greater Wellington Water manages water supply assets in accordance with a planned maintenance programme. Policy is that there is no deferred maintenance. The Asset Management Plan was prepared in accordance with the National Asset Management Steering Group guidelines and has been approved by Audit NZ.

Greater Wellington Water has an 'n-1' policy for security of water supply. This means that even if one of the three main water treatment plants were out of commission, there would still be sufficient water available to meet the basic needs of the community under most circumstances.

## Regional water supply

### Security of supply continued

SHORT-TERM by 30 June 2006

Rebuilding the Karori Pumping Station will be completed in 2005/06 at a total project cost not exceeding \$2,500,000.

The pipeline on the Silverstream Bridge will be replaced at a cost not exceeding \$450,000, provided Upper Hutt City Council's bridge-strengthening work is completed by 28 February 2006.

The new replacement pipeline between State Highway 2 and State Highway 58 will be completed at a total project cost not exceeding \$2,400,000.

### Actual

Construction of the new Karori Pumping Station was completed in June 2006 and commissioning is expected to be completed by mid-August 2006. Total cost to 30 June 2006 is \$2,833,300. Only minor costs are expected during completion of commissioning. The bulk of the over-expenditure was due to adverse ground conditions. Council approved additional funding in February 2006.

Replacement of the Kaitoke/Karori pipeline has not proceeded as the benefits in terms of flood level reductions are being re-examined. Strengthening of the bridge started in June 2006 but the chosen design has little direct impact on the pipeline. Only \$12,000 was spent in 2005/06 on design and liaison.

We completed relocation of the Kaitoke/Karori pipeline at Haywards in June 2006 after encountering severely adverse ground conditions. Project cost to 30 June is \$2,909,000. Council approved additional funding in February 2006.

## Regional water supply

### Environmental management

#### Targets

LONG-TERM by 30 June 2013

All water supply activities will be undertaken in an environmentally sympathetic manner according to the principles of the *Resource Management Act 1991*.

SHORT-TERM by 30 June 2006

All appropriate resource consent conditions will be complied with, within a monitoring budget of \$65,000.

Resource consent compliance will be demonstrated to an auditable standard and a report on compliance for 2004/05 will be prepared by 30 November 2005.

Aquifer monitoring wells will be installed at the Petone foreshore at a cost not exceeding \$100,000.

#### Actual

Greater Wellington Water acquires and seeks to comply with all appropriate resource consents. Abstraction consents govern the quantity of water that can be drawn from each source and how much must remain. Consents are also sought for any discharges from the treatment plants. Most by-products from the plants are processed through wastewater recovery plants and removed off-site.

Greater Wellington Water holds certification to ISO 14001 (the International Standards Organisation's environmental management benchmark) for our wholesale water supply activities. Certification to ISO14001:2004 was granted in May 2006.

We expect to fully comply with all consent conditions, apart from minor over-abstraction incidents and a minor non-permitted discharge. The total fees for ongoing consents during the financial year were \$55,792.

A report was published by 30 November 2005.

No expenditure has been incurred on this project to date, with installation of the wells now deferred to next financial year.

## Regional water supply

### Customer service

#### Targets

LONG-TERM by 30 June 2013

Greater Wellington Water will continue to demonstrate that it has a high standard of customer service. It will provide customers with up-to-date and relevant information, as well as listening and responding to their needs.

SHORT-TERM by 30 June 2006

Customers will be provided with a business report by 30 November 2005, which will include the following information:

- financial results for the financial year ended 30 June
- actual quality compared with targeted performance
- a list of incidents where supply has been interrupted, together with the time taken to respond and repair
- a report on compliance with resource consent requirements
- status of ongoing service level agreements.

#### Actual

Greater Wellington Water maintains regular communication with customer organisations at various levels of seniority.

A report was published by 30 November 2005 containing all the stipulated information.

## Regional water supply

### Business efficiency

#### Targets

LONG-TERM by 30 June 2013

Greater Wellington Water has improved its business efficiency over the last nine years following various restructuring initiatives, whilst maintaining its service quality levels. Total operating expenditure, excluding depreciation, is not expected to increase in real dollars. Thus we expect to hold the water levy at the 2004/05 dollar level across the eight-year planning period. However, asset values are expected to increase significantly across the eight-year planning period, which will in turn increase the depreciation expense.

SHORT-TERM by 30 June 2006

Total operating expenditure, excluding depreciation, will not exceed \$20,940,000.

The revenue from the water levy will not exceed \$22,777,000.

#### Actual

The annual costs of running Greater Wellington Water, excluding changes in depreciation rates, has reduced by \$5.2 million or 23% between 1997 and 2006, whilst service levels have been improved throughout this period. Management of maintenance costs, electricity and chemical usage have all contributed to the productivity improvement.

Expenditure of \$20,849,600 was incurred during the financial year, with activities being carried out according to requirements.

Water levy revenue of \$22,776,473 was received during the financial year.

## Regional water supply

### Health and safety

#### Targets

LONG-TERM by 30 June 2013

The manner in which we carry out our operations will comply with the Health and Safety in Employment Act 1992 as amended in 2002, Health and Safety Regulations 1995, relevant Codes of Practice and current legislation.

SHORT-TERM by 30 June 2006

The hazard register will be reviewed on a six-monthly basis. The effectiveness of the measures taken to eliminate, isolate or minimise risk to all Greater Wellington Water employees and contractors will be continually assessed.

#### Actual

A hazard identification programme has been undertaken for all operational sites. Hazard registers have been updated and are being maintained on an ongoing basis.

The hazard registers have recently been reviewed and no issues relating to their effectiveness have been identified. We review contractor health and safety plans before we engage them.

## REGIONAL WATER SUPPLY Financial Summary

	Council 2006 Actual \$000's	Council 2006 Budget \$000's
<b>FUNDING STATEMENT</b>		
General Rate	0	0
Targeted Rate	0	0
Water Supply Levy	22,776	22,776
Government Subsidies	0	0
Interest & Dividends	618	581
Fees, Charges & Other Revenue	738	694
<b>Operating Revenue</b>	<b>24,132</b>	<b>24,051</b>
Direct Operating Expenditure	14,263	15,016
Interest	3,177	3,178
Depreciation	6,751	6,674
<b>Operating Expenditure</b>	<b>24,191</b>	<b>24,868</b>
<b>Operating Surplus/(Deficit)</b>	<b>(59)</b>	<b>(817)</b>
<b>Less:</b>		
Capital Expenditure	6,726	6,443
Proceeds from Asset Sales	(62)	(94)
Loan Funding	(6,412)	(5,937)
<b>Levy Funded Capital Expenditure</b>	<b>252</b>	<b>412</b>
Debt Repayment	5,078	4,114
Investment Additions	1,362	1,331
Reserve Movements	0	0
Working Capital Movements	0	0
Non-Cash Items	(6,751)	(6,674)
<b>Net Funding Required</b>	<b>0</b>	<b>0</b>

### OPERATING REVENUE

	Council 2006 Actual \$000's	Council 2006 Budget \$000's
Collecting, Treating & Delivering Water	24,132	24,051
<b>Total Operating Revenue</b>	<b>24,132</b>	<b>24,051</b>

### OPERATING EXPENDITURE

	Council 2006 Actual \$000's	Council 2006 Budget \$000's
Collecting, Treating & Delivering Water	24,191	24,868
<b>Total Operating Expenditure</b>	<b>24,191</b>	<b>24,868</b>

### CAPITAL EXPENDITURE

	Council 2006 Actual \$000's	Council 2006 Budget \$000's
Water Sources	136	430
Water Treatment Plants	929	1,005
Pipelines	2,263	1,660
Pump Stations	2,397	2,292
Reservoirs	0	20
Monitoring & Control	48	130
Seismic Protection	114	100
Other	525	300
<b>Major Project Expenditure</b>	<b>6,412</b>	<b>5,937</b>
Land & Buildings	0	0
Plant & Equipment	45	161
Vehicles	269	345
<b>Total Capital Expenditure</b>	<b>6,726</b>	<b>6,443</b>

The capital expenditure above replaced assets in accordance with the Regional Water Supply Asset Management Plan.



**REGIONAL WATER SUPPLY  
STATEMENT OF FINANCIAL POSITION  
as at 30 June 2006**

	Notes	Council 2006 Actual \$000's	Council 2005 Actual \$000's
<b>RATEPAYERS' FUNDS</b>			
Retained Earnings		71,324	70,911
Reserves		186,310	186,804
<b>Total Ratepayers' Funds</b>		<b>257,634</b>	<b>257,715</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Receivables		2,522	2,837
Inventory		1,453	1,494
<b>Total Current Assets</b>		<b>3,975</b>	<b>4,331</b>
<b>Non Current Assets</b>			
Investments		9,472	8,109
Property, Plant & Equipment	7	293,144	293,253
<b>Total Non-Current Assets</b>		<b>302,616</b>	<b>301,362</b>
<b>Total Assets</b>		<b>306,591</b>	<b>305,693</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables		3,467	3,829
Employee Provisions		508	502
<b>Total Current Liabilities</b>		<b>3,975</b>	<b>4,331</b>
<b>Non Current Liabilities</b>			
Public Debt		44,982	43,647
<b>Total Non-Current Liabilities</b>		<b>44,982</b>	<b>43,647</b>
<b>Total Liabilities</b>		<b>48,957</b>	<b>47,978</b>
<b>Net Assets</b>		<b>257,634</b>	<b>257,715</b>

## Land management

### Land management

The land management group of activities had a significant effect on economic well-being, particularly through its impacts on the agriculture sector.

Specifically, control of bovine tuberculosis vectors protects the viability of dairying and of cattle and deer farming in the region. Similarly, the soil conservation activities promote sustainable use of the region's land and protect the soils so that they retain their productivity.

Environmental well-being is enhanced through both areas of activity with ecosystems benefiting particularly from the pest management work, while soil conservation produces benefits in water quality. There are also specific programmes which are targeted to enhance the quality of key native ecosystems.

Social well-being was enhanced through the reduction of the likelihood of slips which could have damaged important community infrastructure. It was also supported through the way that Greater Wellington involved many farmers and others in our work.

No significant negative effects were generated during the year.

## Land management

### Progress on our contributions

#### Biodiversity

Protecting and restoring ecosystems

Controlling plant and animal pests

Thirteen additional native forest and wetland areas on private land were approved for covenants, with Greater Wellington financial support in 2005/06.

Vector (possum and ferret) control operations were completed over 321,570 hectares. Total area under possum control programmes in the region is 637,150 hectares – or 78.4% of the region.

#### Biodiversity

Enhancing water quality

Pest control undertaken in 74 Key Native Ecosystem sites in 2005/06.

Completed riparian planting and fencing programmes on 3.8 kms of stream banks.

#### Land

Supporting erosion control measures

A further 421 hectares under sustainable management practices.

#### Safety and hazards

Preventing slips and mitigating flood damage

Planted 421 hectares to promote the protection of erosion-prone land. Extensive work to clean up and repair structures damaged by the March 2005 floods in the Awhea and Kaiwhata catchment schemes.

#### Community

Community involvement in pest management and land management programmes

Continued assisting landowners, DoC and Wildlife Trust for Mt Bruce/Pukaha pest eradication programmes. Assisted landowners to control pests in 13 Key Native Ecosystems.

Completed soil conservation programmes for 161 landowners.

Completed scheme classification reviews for the Awhea-Opouawe and Mataikona-Whakataki catchment schemes. New rating classification using two factors, curtilage<sup>1</sup> and land value, were approved by the respective communities.

<sup>1</sup> Area attached to a dwelling house and forming one enclosure with it

## Land management

### Promoting sustainable land management

#### Targets

LONG-TERM by 30 June 2013

Protect the health and productivity of the region's soils by planting an additional 5,000 hectares of erosion-prone land using sustainable management practices.

SHORT-TERM by 30 June 2006

Approved soil conservation plan works will incorporate 300 hectares of pole planting (22,000 poles), 150 hectares of conservation woodlots and 5 kms of shelter belts and will be completed, to Greater Wellington's performance standards, within a budget of \$550,000.

#### Actual

Stabilisation of erosion-prone land is progressing. We planted an additional 421 hectares of soil conservation trees during the year using sustainable management practices.

Approved soil conservation plan works were completed on 161 properties, incorporating 23,400 poles on 328 hectares, and establishing 93 hectares of conservation woodlots, and 1.3 kms of shelter belts. Programmes were completed to Greater Wellington's performance standard at a cost of \$542,400.

## Land management

### Promoting sustainable land management continued

#### Targets

LONG-TERM by 30 June 2013

Protect communities from major damage or harm owing to the effects of flooding and erosion.

SHORT-TERM by 30 June 2006

Approved programmes will be completed under six catchment control schemes to the satisfaction of each Scheme Advisory Committee, to the Council's performance standards, and within a budget of \$88,000.

#### Actual

Annual programmes have been continued for six community catchment control schemes. The focus of the programmes was erosion control and flood mitigation.

We completed approved programmes for each of the six catchment schemes to established standards and in accordance with advisory committee resolutions. These programmes were completed at a cost of \$138,300, which included \$50,300 of flood damage repair works.

## Land management

### Promoting sustainable land management continued

#### Targets

LONG-TERM by 30 June 2013

No overall deterioration in the health of our soils through the increasing practice of sustainable land management.

SHORT-TERM by 30 June 2006

Stage two of the soil quality monitoring programme will be completed. Additional monitoring sites will be established where soil degradation was identified in stage one, within a budget of \$14,000.

#### Actual

Baseline monitoring of soil health is substantially complete. Repeat monitoring is continuing to determine any change in the state of the region's soils.

Further analysis of the 'degraded' sites revealed that the number of sites were not statistically significant. Therefore, additional sites have been sampled within degraded areas: e.g. market garden areas. Total cost was \$27,000.

## Land management

### Promoting sustainable land management continued

#### Targets

LONG-TERM by 30 June 2013

No significant deterioration of water quality in our key rivers and streams.

SHORT-TERM by 30 June 2006

Five kilometres of riparian management, focusing on increased biodiversity along stream banks, will be implemented, within a budget of \$190,000.

#### Actual

There has been no significant deterioration of water quality in our key streams and rivers. Greater Wellington monitors key rivers and streams as part of our state of the environment monitoring. Any changes in water quality in these water bodies will take some time to occur.

Riparian management programmes focusing on increased biodiversity were completed on 3.8 kms of stream banks, at a total cost of \$169,500.

## Land management

### Controlling plant and animal pests

#### Targets

LONG-TERM by 30 June 2013

Enhance our ecosystems and farming productivity by having 80% of the region under intensive possum control programmes, and reducing the percentage of infected Tb cattle and deer herds to 0.2% (six infected herds).

SHORT-TERM by 30 June 2006

Bovine Tb vector control and survey operations will be completed on 524,000 hectares in accordance with the approved operational plan, to the satisfaction of the Rural Services and Wairarapa Committee, within a budget of \$7,327,000.

#### Actual

At 30 June 2006, 78.4% of the region was under intensive possum control programmes, and there were 15 infected Tb cattle and deer herds. This is below the target of 21 infected herds identified in the Regional Tb Operational Plan for 2006. Of particular significance was the decline of Tb reactors from 81 in 2005 to 33 in 2006.

We reviewed the 2005/06 bovine Tb vector control programme with the Animal Health Board in early 2005 and reduced it to 477,000 hectares. We completed vector control and survey operations to Animal Health Board standards on 321,570 hectares at a cost of \$4,197,200.

We removed 42,882 hectares from the vector control programme as this work was deemed unnecessary. A further 41,029 hectares was deferred until August 2006 due to national funding constraints. Contracts for the South East Wairarapa Stage 3 operation (21,717 hectares) were not issued before 30 June 2006. This work is rescheduled for next year.



## Land management

### Controlling plant and animal pests *continued*

#### Targets

LONG-TERM by 30 June 2013

Improve the health of the region's ecosystems by implementing plant and animal pest management strategies.

SHORT-TERM by 30 June 2006

The fourth year of the Regional Pest Management Strategy will be implemented to the satisfaction of the Rural Services and Wairarapa Committee, within a budget of \$1,817,000.

#### Actual

The 2005/06 Regional Pest Management Strategy Operational Plan was successfully implemented. Particular attention was applied to eradication and containment pest plants. Rook and rabbit densities continue to be suppressed to low levels. The Key Native Ecosystem programme continued with more than 70 sites receiving pest control. Our joint venture pest control programmes with local councils has continued to expand.

Implementation was completed at a cost of \$1,935,300. An annual report on achievements under the Regional Pest Management Strategy for last year will be presented to the Rural Services and Wairarapa Committee for approval in November 2006. Additional expenditure of \$93,000 for pest management was approved by the Council in February 2006 to complete key native ecosystem work and pest plant control due to a 42% increase in eradication and containment sites identified during field surveys.

## LAND MANAGEMENT Financial Summary

	Council 2006 Actual \$000's	Council 2006 Budget \$000's
<b>FUNDING STATEMENT</b>		
General Rate	3,999	3,999
Targeted Rates	189	188
Government Subsidies	0	0
Interest & Dividends	49	40
Fees, Charges & Other Revenue	6,059	8,777
<b>Operating Revenue</b>	<b>10,296</b>	<b>13,004</b>
Direct Operating Expenditure	10,147	13,208
Interest	0	0
Depreciation	51	50
<b>Operating Expenditure</b>	<b>10,198</b>	<b>13,258</b>
<b>Operating Surplus/(Deficit)</b>	<b>98</b>	<b>(254)</b>
<b>Less:</b>		
Capital Expenditure	105	116
Proceeds from Asset Sales	(16)	(21)
Loan Funding	0	0
<b>Rates Funded Capital Expenditure</b>	<b>89</b>	<b>95</b>
Debt Repayment	0	0
Investment Additions	0	0
Reserve Movements	(105)	(299)
Working Capital Movements	0	0
Non-Cash Items	(51)	(50)
<b>Net Funding Required</b>	<b>165</b>	<b>0</b>

	Council 2006 Actual \$000's	Council 2006 Budget \$000's
<b>OPERATING REVENUE</b>		
Promoting Sustainable Land Management	2,165	2,363
Controlling Animal & Plant Pests	8,131	10,641
<b>Total Operating Revenue</b>	<b>10,296</b>	<b>13,004</b>
<b>OPERATING EXPENDITURE</b>		
Promoting Sustainable Land Management	2,240	2,351
Controlling Animal & Plant Pests	7,958	10,907
<b>Total Operating Expenditure</b>	<b>10,198</b>	<b>13,258</b>
<b>CAPITAL EXPENDITURE</b>		
Land & Buildings	0	0
Plant & Equipment	12	10
Vehicles	93	106
<b>Total Capital Expenditure</b>	<b>105</b>	<b>116</b>

Delays in funding from the Animal Health Board has meant that both other revenue and direct operating expenditure are down on budget.

## Flood protection

### Flood protection

Flood protection activities contribute significantly to economic and social well-being by minimising the economic damage and social disruption caused by floods.

Thankfully, there were no major floods during 2005/06 and we were able to complete repairs from the January and March 2005 events. A big effort also went into our scheme review and flood hazard investigation work during the year to ensure that we continue to make progress with our flood hazard planning and improvements to our existing flood mitigation schemes.

Flood protection activities also contribute to environmental and social outcomes by enhancing riverside habitats and providing associated recreational opportunities.

### Progress on our contributions

#### **Biodiversity**

Planting a range of habitats

We continued to implement our environmental strategies, which include habitat restoration and enhancement initiatives for a range of rivers and streams in the region.

#### **Land**

Supporting erosion control measures

We continued to provide erosion control advice to landowners as well as implementing erosion control measures in the major rivers.

#### **Recreation and parks**

Manage the river environment to promote recreational use

Enhancements to the Hutt, Otaki and Waikanae River environments continue, and include native tree planting and improvements to walking trails and signage. We received very positive informal community feedback from this work.

#### **Safety and hazards**

Protect and educate the community from flood risk

We continued to enhance the flood protection system across the region. Initiatives are underway to reduce the risk to those areas damaged by the 2004 and 2005 flood events, as well as planning in areas such as the Mangaroa valley, where there is intensive lifestyle block development.

#### **Community**

Community involvement in floodplain management planning

The community was extensively involved in a range of planning activities during the year.

## Flood protection

### Planning for flood protection

#### Targets

LONG-TERM by 30 June 2013

The risk of major damage or loss of life as a result of a flood event is significantly reduced.

SHORT-TERM by 30 June 2006

Complete the Mangaroa River flood hazard assessment in accordance with the agreed scope, within a project budget of \$161,000.

Complete Wairarapa river investigations, including the Waingawa River Scheme review and the development of a new scheme on the Kopuaranga River, to the satisfaction of the Rural Services and Wairarapa Committee, within a budget of \$369,000.

#### Actual

Implementation of the three floodplain management plans for the western region is well underway and on target to be achieved by 2040. To date, works totalling more than \$18,000,000 have been undertaken on the Hutt, Otaki and Waikanae rivers. This was reported to the Landcare Committee.

We completed the Mangaroa River flood hazard assessment and reported to the Landcare Committee in June 2006. The total project cost was \$164,100.

Work continues on the reviews of the Lower Wairarapa Valley Development Scheme and the Kopuaranga River Enhancement Project. Both advisory committees sought additional information before taking a proposed rating classification to the public. The Waingawa River Scheme review did not start. Total cost was \$442,000, which included \$40,000 of additional expenditure approved by Council in February 2006 to progress the Lower Wairarapa Valley Development Scheme rating classification review.

## Flood protection

### Delivering flood protection

#### Targets

SHORT-TERM by 30 June 2006

Progress the Waiwhetu Stream flood hazard assessment in accordance with the scope approved by the Landcare Committee, within a project budget of \$97,000.

Complete construction of the Strand Park realignment, Hutt River, in accordance with accepted engineering standards and to the satisfaction of the Landcare Committee, within a project budget of \$4,133,000.

Complete construction of the Jim Cooke Park realignment on Waikanae River, including the associated environmental strategy implementation in accordance with accepted engineering standards and to the satisfaction of the Landcare Committee, within a project budget of \$741,000.

#### Actual

The scope and extent of the Waiwhetu investigations have increased since the project started. However, good progress was made with this project. Phase 1 was completed by 30 June, with phase 2 scoped and ready to start next year. The Lower Waiwhetu structural investigation commenced early in 2005/06. The budget was also expanded to finalise the investigation into the contaminated sediments in the lower Waiwhetu Stream and develop a solution. Total project cost was \$183,400.

The Hutt River Strand Park realignment works were completed in accordance with accepted engineering standards to the satisfaction of the Landcare Committee, at a total project cost of \$3,781,436.

Jim Cooke Park works were substantially completed in accordance with accepted engineering standards and to the satisfaction of the Landcare Committee, at a total cost of \$697,100. We will complete the environmental enhancement works and site tidy-up during the next financial year.

## Flood protection

### **Delivering flood protection continued**

Complete the detailed design of the Ava Railway Bridge improvements, including the stopbank upgrade, edge protection works and Greater Wellington's contribution to the Opahu Stream pump station (to be constructed by Hutt City Council), all in accordance with accepted engineering standards and to the satisfaction of the Landcare Committee, within a budget of \$1,027,000

Complete maintenance operations in the western part of the region in accordance with established standards, statutory requirements and the Western Rivers Asset Management Plan, all within a budget of \$2,668,000.

Complete maintenance operations for the 10 Wairarapa river schemes to established standards and to the satisfaction of the scheme advisory committees within a budget of \$1,770,000.

### **Actual continued**

Approximately 85% of the detailed designs of the Ava Railway Bridge improvements were completed at 30 June 2006. The design is taking more time than originally expected because of the complexity of the design under the bridge. However, this delay will not have any significant effect on the construction programme. Construction of the Opahu Stream pumping station is progressing well. Total expenditure for the year was \$1,239,164. An increase in budget was approved by Council in December 2005

We completed maintenance operations for the western region in accordance with established standards, statutory requirements and the Western Rivers Asset Management Plan, within a total cost of \$2,083,000. In addition, \$441,000 of new protection measures were constructed during the year on the Hutt and Waikanae rivers.

Maintenance programmes for the ten Wairarapa river management schemes were completed to established standards, and to the satisfaction of the schemes' advisory committees at a total cost of \$1,215,200. An additional \$690,460 of new flood protection measures were constructed within the Wairarapa river schemes. The Council approved an additional \$75,000 in February 2006 to upgrade a stopbank and culvert within the Lower Wairarapa Valley Development Scheme because of erosion and stopbank leakage.

## Flood protection

### Delivering flood protection continued

#### Targets

LONG-TERM by 30 June 2013

Community pride and enjoyment in our rivers increases and there is continuing involvement in environmental enhancement projects.

SHORT-TERM by 30 June 2006

Manage a Hutt River ranger service to provide public safety, surveillance, education and environmental enhancement services to the satisfaction of the Landcare Committee and within a budget of \$105,000.

#### Actual

All of the capital works that are carried out on the rivers within Greater Wellington's management have an environmental enhancement element, including restoration planting or creating green spaces and walkways for the community to enjoy.

The community is actively encouraged to participate in these environmental enhancement projects. We also provide funding to several friends and care groups to assist them in their outstanding work alongside the river corridors.

The river ranger service delivery continues to receive positive feedback. The total cost of service was \$88,000.

## FLOOD PROTECTION Financial Summary

	Council 2006 Actual \$000's	Council 2006 Budget \$000's		Council 2006 Actual \$000's	Council 2006 Budget \$000's
<b>FUNDING STATEMENT</b>			<b>OPERATING REVENUE</b>		
General Rate	6,337	6,337	Planning for Flood Protection	1,472	1,404
Targeted Rates	4,166	4,166	Delivering Flood Protection	10,791	10,468
Government Subsidies	0	0	<b>Total Operating Revenue</b>	<b>12,263</b>	<b>11,872</b>
Interest & Dividends	256	215		-	-
Fees, Charges & Other Revenue	1,504	1,154	<b>OPERATING EXPENDITURE</b>		
<b>Operating Revenue</b>	<b>12,263</b>	<b>11,872</b>	Planning for Flood Protection	1,353	1,495
			Delivering Flood Protection	8,312	9,059
Direct Operating Expenditure	7,133	7,964	<b>Total Operating Expenditure</b>	<b>9,665</b>	<b>10,554</b>
Interest	1,772	1,810		-	-
Depreciation	760	780	<b>CAPITAL EXPENDITURE</b>		
<b>Operating Expenditure</b>	<b>9,665</b>	<b>10,554</b>	Hutt River Improvements	4,205	3,537
<b>Operating Surplus/(Deficit)</b>	<b>2,598</b>	<b>1,318</b>	Waikanae River Improvements	733	629
			Otaki River Improvements	74	329
<b>Less:</b>			Wairarapa Scheme Improvements	691	300
Capital Expenditure	6,227	5,157	Other	345	81
Proceeds from Asset Sales	(56)	(50)	<b>Major Project Expenditure</b>	<b>6,048</b>	<b>4,876</b>
Loan Funding	(4,880)	(4,716)	Land & Buildings	11	70
<b>Rates Funded Capital Expenditure</b>	<b>1,291</b>	<b>391</b>	Plant & Equipment	23	38
			Vehicles	145	173
Debt Repayment	1,632	1,658	<b>Total Capital Expenditure</b>	<b>6,227</b>	<b>5,157</b>
Investment Additions	313	305			
Reserve Movements	256	(256)			
Working Capital Movements	0	0			
Non-Cash Items	(760)	(780)			
<b>Net Funding Required</b>	<b>(134)</b>	<b>0</b>			

The capital expenditure above replaced assets in accordance with the Flood Protection Asset Management Plan. In addition capital expenditure above budget resulted from reinstatement of flood damaged assets from the 2004-2005 storms. Some of this work was budgeted as direct operating expenditure but was subsequently capitalised to fixed assets.



## Parks and forests

The major effects of the park and forest activities are on social and environmental well-being. Social well-being is enhanced by providing both informal (e.g. walking in the park) and formal (e.g. contribution to a Friends of the Park group) recreational opportunities.

Environmental well-being is enhanced through programmes that conserve and improve natural ecosystems, and protect landscape and scenic values.

Our management of water catchment areas contributes significantly to social and economic well-being by helping to provide a safe water supply.

Park and forest activities help provide economic well-being by encouraging use of Greater Wellington land for appropriate activities (e.g. concessions, filming, ecotourism) in ways that do not conflict with our environmental, heritage and recreational activities.

### Progress on our contributions

#### **Biodiversity**

Showcase good ecosystem management

Plant and animal pest control programmes are gradually improving the quality of parks and forests' ecosystems. In addition, restoration projects protect scarce habitats.

#### **Water**

Protecting water catchments

We monitor and control plant and animal pests that threaten the supply of high-quality water.

#### **Energy**

Investigate renewable energy on Greater Wellington land

Following public consultation on the Puketiro site, the Council decided to make it available for wind energy development. We are still investigating the Belmont site and will invite proposals for a Wairarapa site next year.

#### **Recreation and parks**

Provide outdoor recreation opportunities, encourage use and involvement

49% of survey respondents reported that they had visited a regional park in 2005/06. Visitor satisfaction surveys show that 96% of visitors are satisfied with the parks and overall awareness of the parks network is 81%.

#### **Community**

Supporting environmental community groups

We worked on nine environmental enhancement projects with community care groups during the year.

## Parks and forests

### Environment asset management and monitoring systems

#### Targets

LONG-TERM by 30 June 2013

Pests and weeds are under control in the regional parks, forests and water collection areas.

SHORT-TERM by 30 June 2006

Environmental assets and settings within the parks, forests and water collection areas will be monitored, protected and enhanced in accordance with Parks and Forests Environmental Asset Management Plan service levels, within a budget of \$1,044,000.

Compliance with the standards in the Environmental Asset Management Plan will be reported to the Landcare Committee following the end of the financial year.

#### Actual

We have been implementing pest control programmes to maintain ecosystem health in regional parks, forests and water collection areas. Possums, goats, pigs, rabbits, deer, mustelids and pest plants have been controlled according to the highest priority needs identified through monitoring work and the pest control programme.

Monitoring work and surveys have continued to provide useful information for the management of these lands and about the success of control operations.

Environmental assets were monitored, protected and enhanced in accordance with planned service levels and recognised standards at a cost of \$933,577.

The year's programme included the completion of two minor weed control jobs not completed at the end of 2004/05.

All pest control programmes for 2005/06 were completed as planned.

Compliance with the standards in the Environmental Asset Management plan will be reported to the August 2006 Landcare Committee meeting.

## **Parks and forests**

### **Use of Greater Wellington lands**

#### **Targets**

LONG-TERM by 30 June 2013

The public will at all times be able to safely enjoy using the regional parks and forests.

SHORT-TERM by 30 June 2006

Recreation and heritage assets and facilities in the regional parks, forests and water collection areas will be monitored, maintained, protected and enhanced in accordance with Parks and Forests Infrastructural Asset Management Plan service levels, within a budget of \$1,265,000.

Compliance with the standards in the Infrastructural Asset Management Plan will be reported to the Landcare Committee following the end of the financial year.

#### **Actual**

To ensure that recreational needs and safety requirements in our regional parks and forests are met, we regularly monitored the condition of our assets and have a process to set and review operational work programmes.

The ranger services provided in each of the parks and forests also assist in providing a safe and educational environment for the community to enjoy.

We regularly monitored our assets according to standards set out in the Parks and Forests Asset Management Plan. Where assets were maintained or replaced, the assets were constructed by appropriately qualified staff to standards set in our structures manual and under the direction of qualified architects or engineers.

The cost of the monitoring, maintenance, protection and enhancement of the recreation and heritage assets and facilities was \$1,125,042. Planned asset monitoring, maintenance, protection and enhancement at Whitireia Park did not occur during the year.

Compliance with the standards in the Infrastructure Asset Management Plan was reported to the August 2006 Landcare Committee meeting.

## Parks and forests

### Use of Greater Wellington lands *continued*

#### Targets

SHORT-TERM (continued)

The annual capital works programme will be undertaken to appropriate architectural and engineering standards and within Parks and Forests Infrastructural Asset Management Plan service levels, within a budget of \$355,000.

#### Actual

The annual work programme was undertaken at a cost of \$177,303. All jobs were performed in accordance with appropriate architectural and engineering standards, and with the Parks and Forests Asset Management Plan service levels.

The programmed works completed during 2005/06 included:

- completed a toilet block at the summit of the Rimutaka Rail Trail at a cost of \$51,576
- completing a new ranger's office at Queen Elizabeth Park at a cost of \$95,445.

Two projects planned for completion during 2005/06 have been deferred until 2006/07:

- \$50,000 to build a new ranger's office at East Harbour Regional Park
- \$70,000 to build a new ranger's office at Whitireia Park.

During the year, we also designed and tendered a new toilet block in Queen Elizabeth Park at a cost of \$29,778. The building will be completed in 2006/07 as planned.

## Parks and forests

### Use of Greater Wellington lands *continued*

#### Targets

##### SHORT-TERM (continued)

Ranger services will be provided to facilitate public access, educate and inform visitors and users, liaise with community and stakeholder groups, and ensure compliance with Council policies, within a budget of \$809,000.

The service will be provided to the satisfaction of the Landcare Committee and reported following the end of the financial year.

#### Actual

A ranger service was provided at a cost of \$614,671 in the regional parks and forests on this basis:

- a seven-day-a-week residential ranger service at Battle Hill Farm Forest Park, Queen Elizabeth Park, Kaitoke Regional Park and the adjacent Hutt Water Collection Area, and the Wainuiomata/Orongorongo Water Collection Area
- a five-day-a-week (including weekends) ranger service at Belmont Regional Park, Akatarawa Forest, Pakuratahi Forest, the Hutt River corridor and East Harbour Regional Park.

The planned start of a five-day ranger service at Whitireia Park, Porirua was deferred until 2006/07.

A report on the ranger services was given to the Landcare Committee at its meeting in August 2006.

## Parks and forests

### Community activities

#### Targets

LONG-TERM by 30 June 2013

Community participation in the regional parks, forests and water collection areas will be enhanced.

SHORT-TERM by 30 June 2006

The annual environmental enhancement projects as agreed with the divisional manager, Landcare, will be completed within a budget of \$104,000 and reported to the Landcare Committee following the end of the financial year.

#### Actual

We actively encourage community participation in the region's parks, forests and water collection areas. The annual Regional Outdoors Programme ran between January and April and provided 52 events ranging from educational outings to bush walks and hosting sporting events.

Our community groups continue to be actively involved in our parks and forests, particularly in our environmental enhancement and restoration projects and management plan development.

Nine environmental enhancement projects were carried out during the year as planned. These projects involved a combination of providing funding to friends and care groups to continue their outstanding works, and organising community events in the parks and forests for planting and other environmental enhancement works.

The projects were provided at a cost of \$88,914 and were reported to the August 2006 Landcare Committee meeting.

## **Parks and forests**

### **Marketing and promotion**

#### **Targets**

LONG-TERM by 30 June 2013

The number of people using the regional parks, forests and water collection areas will be balanced between attracting visitors and the areas carrying capacity.

SHORT-TERM by 30 June 2006

The marketing plan for regional parks and forests will be implemented to the satisfaction of the divisional manager, Landcare, within a budget of \$180,000.

#### **Actual**

We continue to refine and implement our Parks and Forests Marketing Plan. The plan provides the strategies we will use to create the balance between, ensuring the parks and forests are well used by the community and that the natural beauty and ecosystems are protected.

The 2005/06 plan was implemented to the satisfaction of the divisional manager, Water Supply, Parks and Forests at a cost of \$166,649.

This programme includes the implementation of the Regional Outdoors Programme. This year's programme was a great success with the highest attendance levels to date and some excellent feedback.

The year also saw the completion of our range of brochures and information boards for all the park and forest areas. Again, feedback was excellent.

## PARKS & FORESTS Financial Summary

	Council 2006 Actual \$000's	Council 2006 Budget \$000's		Council 2006 Actual \$000's	Council 2006 Budget \$000's
<b>FUNDING STATEMENT</b>			<b>OPERATING REVENUE</b>		
General Rate	5,420	5,420	Managing Regional Parks, Natural Forests, Recreation Areas & Trails	9,303	6,286
Targeted Rates	0	0	<b>Total Operating Revenue</b>	<b>9,303</b>	<b>6,286</b>
Government Subsidies	2,800	0		-	-
Interest & Dividends	43	43	<b>OPERATING EXPENDITURE</b>		
Fees, Charges & Other Revenue	1,040	823	Managing Regional Parks, Natural Forests, Recreation Areas & Trails	6,398	6,679
<b>Operating Revenue</b>	<b>9,303</b>	<b>6,286</b>	<b>Total Operating Expenditure</b>	<b>6,398</b>	<b>6,679</b>
Direct Operating Expenditure	5,791	6,049		-	-
Interest	125	138	<b>CAPITAL EXPENDITURE</b>		
Depreciation	482	492	Queen Elizabeth Park Enhancements	125	180
<b>Operating Expenditure</b>	<b>6,398</b>	<b>6,679</b>	East Harbour Enhancements	0	50
<b>Operating Surplus/(Deficit)</b>	<b>2,905</b>	<b>(393)</b>	Whitireia Park development	0	70
<b>Less:</b>			Rimutake incline walkway toilets	52	55
Capital Expenditure	5,958	554	<b>Major Project Expenditure</b>	<b>177</b>	<b>355</b>
Proceeds from Asset Sales	(37)	(35)		5,600	0
Loan Funding	(1,608)	(355)	Land & Buildings	152	166
<b>Rates Funded Capital Expenditure</b>	<b>4,313</b>	<b>164</b>	Vehicles	29	33
Debt Repayment	175	179	<b>Total Capital Expenditure</b>	<b>5,958</b>	<b>554</b>
Investment Additions	0	0			
Reserve Movements	(984)	(244)			
Working Capital Movements	0	0			
Non-Cash Items	(482)	(492)			
<b>Net Funding Required</b>	<b>(117)</b>	<b>0</b>			

The capital expenditure above was in accordance with the Parks Asset Management Plan. In addition to this Waitangirua Farm was purchased but was not budgeted for.



## Investment in democracy

Providing effective representation on behalf of the Wellington regional community is considered to be a key role for Greater Wellington Regional Council as a local political body.

Local government has recently gone through an unprecedented period of legislative reform. New local government rating and electoral legislation has resulted in a host of new obligations, and challenged local government to review past practices and implement new procedures.

In the past year, Greater Wellington has considered the establishment of Maori constituencies and has undergone a review of representation arrangements to the point of putting out an initial proposal for public comment.

The investment in democracy area covers the political costs of Greater Wellington, including both the direct costs relating to councillors carrying out their statutory roles and the costs of support services provided by the Council Secretariat. Specifically, such costs for the past year included:

- councillors' annual salaries and travel expenses, as well as allowances and travel costs of other people appointed to our Council's committees
- public notice of Council and committee meetings, and other costs of arranging and servicing meetings, including publication of meeting papers and costs of management and staff directly involved in servicing our Council and its committees

- other public notices, for example, on formal public consultation processes
- managing formal submission processes, for example, on the Long-term Council Community Plan
- providing councillors with up-to-date information on a range of issues and advice on matters directly related to councillors
- subscription costs for Greater Wellington membership of organisations and forums, such as Local Government New Zealand
- other costs incurred by councillors in representing and communicating with the regional community.

Expenditure also included in this area is funding for the publication of economic data on the region, which contributes to informing the community.

# INVESTMENT IN DEMOCRACY

## Financial Summary

	Council 2006 Actual \$000's	Council 2006 Budget \$000's
<b>FUNDING STATEMENT</b>		
General Rate	2,615	2,615
Targeted Rates	0	0
Government Subsidies	0	0
Interest & Dividends	4	4
Fees, Charges & Other Revenue	1,721	1,721
<b>Operating Revenue</b>	<b>4,340</b>	<b>4,340</b>
Direct Operating Expenditure	4,276	4,251
Interest	0	0
Depreciation	11	15
<b>Operating Expenditure</b>	<b>4,287</b>	<b>4,266</b>
<b>Operating Surplus/(Deficit)</b>	<b>53</b>	<b>74</b>
<b>Less:</b>		
Capital Expenditure	13	5
Proceeds from Asset Sales	0	0
Loan Funding	0	0
<b>Rates Funded Capital Expenditure</b>	<b>13</b>	<b>5</b>
Debt Repayment	0	0
Investment Additions	0	0
Reserve Movements	84	84
Working Capital Movements	0	0
Non-Cash Items	(11)	(15)
<b>Net Funding Required</b>	<b>(33)</b>	<b>0</b>

	Council 2006 Actual \$000's	Council 2006 Budget \$000's
<b>OPERATING EXPENDITURE</b>		
Direct Members' Costs	1,331	1,313
Council Secretariat	565	564
Divisional Management Support	257	250
Iwi	422	422
Regional Economic Development	50	50
Other Costs	1,662	1,667
Election Costs	0	0
<b>Total Operating Expenditure</b>	<b>4,287</b>	<b>4,266</b>
<b>CAPITAL EXPENDITURE</b>		
Land & Buildings	0	0
Plant & Equipment	13	5
Vehicles	0	0
<b>Total Capital Expenditure</b>	<b>13</b>	<b>5</b>

## Investments

### Investment overview

Greater Wellington has a significant portfolio of investments comprising:

- liquid financial deposits
- administrative properties (e.g. depots)
- forestry and business units
- advance to the Wellington Regional Stadium Trust
- Greater Wellington's internal treasury management function
- equity investments in the WRC Holdings Group (including CentrePort).

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

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

accordance with Greater Wellington's objective to optimise the overall return to ratepayers.

#### Liquid financial deposits

Greater Wellington holds \$44 million in cash deposits as a result of selling its interest in CentrePort to one of its wholly owned subsidiaries, Port Investments Ltd. The rationale for holding these deposits is regularly reviewed, taking into account:

- general provisions of Greater Wellington's Treasury Management Policy, including attitude to risk and creditworthy counterparties
- specific provisions of Greater Wellington's Treasury Management Policy to hold sufficient deposits or have committed funds available as part of its self-insurance of infrastructural assets
- the after-tax rate of return from alternative uses of these funds (e.g. reducing debt)
- the requirement to hedge the \$44 million debt within the WRC Holdings Group.

## Investments

### **Administrative properties**

Greater Wellington's interests in the Upper Hutt depot and the Masterton office building are grouped to form an investment category, administrative properties.

### **Forestry and business units**

Greater Wellington and its predecessor organisations have been involved in forestry for many years, primarily for soil conservation and water quality purposes. Greater Wellington currently holds 6,000 hectares of plantation and soil conservation reserve forests of which approximately 4,000 hectares are in the western or metropolitan part of the region, with the remaining 2,000 hectares in the Wairarapa.

The overall investment policy with regard to forestry is to maximise long-term returns while meeting soil conservation, water quality and recreational needs. This policy assumes that harvesting will be on a sustainable yield basis and will be maintained without any demand on regional rates. In fact, both the plantation and reserve forest business units are required to budget for an internal dividend irrespective of the projected operating result for the year.

The internal dividend reflects the intergenerational equity issues inherent in the forestry investment and recognises the cost of ratepayer equity. The level of planned internal dividend contribution to the rate line from forestry is currently \$225,000 per year. This dividend will continue to be reviewed annually.

Of Greater Wellington's other business units, Akura Conservation Centre and the Wairarapa Workshop are also required to return an internal dividend in the same way as plantation forestry and reserve forests. The internal dividend rate is based on the net assets employed by each of these businesses. The level of internal dividend will continue to be reviewed annually.

BioWorks, Greater Wellington's biosecurity business unit, is not currently required to return an internal dividend.

### **Advance to Wellington Regional Stadium Trust**

Greater Wellington advanced \$25 million to the Wellington Regional Stadium Trust in August 1998. The advance is currently on an interest-free basis, with limited rights of recourse recognising the "quasi equity" nature of the advance.

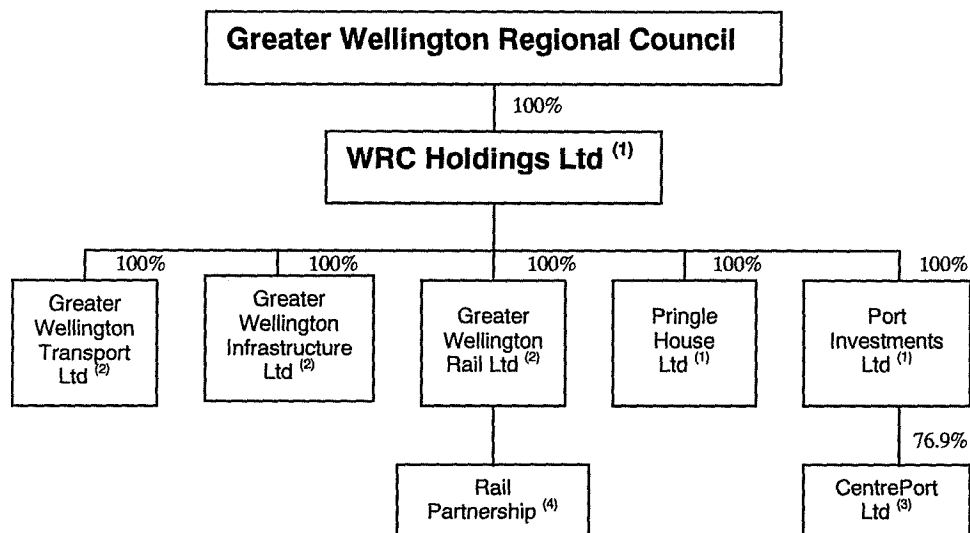
### **Greater Wellington's internal treasury function**

Greater Wellington's treasury management activity is carried out centrally to maximise ability to negotiate with financial institutions. As a result of past surpluses, sales of property and capital returns from the port company, the treasury function produces an internal surplus by on-lending those funds to activities that require debt finance. This allows the true cost of debt funding to be reflected in the appropriate areas. This surplus is then used to offset regional rates.

## Investments

### Equity investments in the WRC Holdings Group

Greater Wellington has or will establish the following equity investments in the WRC Holdings Group:



- (1) Council Controlled Trading Organisation in accordance with the Local Government Act 2002.
- (2) Council Controlled Trading Organisation in accordance with the Local Government Act 2002. These companies were incorporated on 3 August 2006.
- (3) Commercial Port Company pursuant to the Port Companies Act 1988 and not a Council Controlled Organisation in accordance with the Local Government Act 2002.
- (4) Council Controlled Trading Organisation (CCTO) in accordance with the Local Government Act 2002. This CCTO has not yet been formed.

WRC Holdings Ltd and Port Investments Ltd are in essence investment holding companies. The main operating companies in the Group are CentrePort Ltd and Pringle House Ltd. Greater Wellington Transport Ltd, Greater Wellington Infrastructure Ltd and Greater Wellington Rail Ltd will own Greater Wellington interests in public transport infrastructure, such as rail rolling stock, stations and trolley bus wires.

Greater Wellington has a legal opinion saying that, in accordance with the Land Transport Management Act 2003, our public transport infrastructure assets must be owned by a Council Controlled Trading Organisation (CCTO).

Each year WRC Holdings Ltd provides to Greater Wellington, as 100% shareholder, a Statement of Intent for the WRC Holdings Group.

The WRC Holdings Group structure was originally set up for a number of reasons that remain applicable, including:

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

The WRC Holdings Group is the Greater Wellington's prime investment vehicle and the main mechanism by which it will own and manage any additional equity investments should they be acquired in the future.

## **Investments**

### **Equity investments in the WRC Holdings Group continued**

Periodically, Greater Wellington reviews the structure to determine if it is still an appropriate vehicle for holding its investments.

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

## Investments

### WRC Holdings Group

#### Objectives of the group

The primary objectives of the group as set out in the 2005/06 Statement of Intent (SOI) were to:

- operate as a successful, sustainable and responsible business
- own and operate Greater Wellington's headquarters at 142-146 Wakefield Street, Wellington (known as the 'Regional Council Centre') on a cost-effective basis
- own Greater Wellington's interest in CentrePort Ltd, to maximise the commercial value of CentrePort to the shareholders, and to protect the shareholders' investment, while maintaining CentrePort's strategic value to the economy of the region
- effectively manage any other investments held by the group in order to maximise the commercial value to shareholder and to protect shareholders' investments.

The financial objectives of the group shall be to:

- provide a commercial return to shareholders
- adopt policies that prudently manage risk and protect the investment of shareholders.

The environmental objectives of the group shall be to:

- operate in an environmentally responsible and sustainable manner
- minimise the impact of any of the group's activities on the environment
- raise awareness of environmental issues within the group
- encourage CentrePort and Pringle House to be more energy-efficient and make greater use of renewable energy.

The social objectives of the group are to:

- be a leading organisation and a superior employer
- provide a safe and healthy workplace
- participate in development, cultural and community activities within the regions in which the group operates
- help sustain the economy of the region.

WRC Holdings Group met all their objectives as set out in the 2005/06 Statement of Intent and Greater Wellington's 2003 – 2013 Long-term Council Community Plan (LCCP).

The nature and scope of activities undertaken by WRC Holdings are consistent with those set out in the 2005/06 Statement of Intent and Greater Wellington's LTCCP.

#### Directors

Ian Buchanan (Chairman)	Rich Long
Margaret Shields	Anne Blackburn
Terry McDavitt	Peter Blades

## Investments

### WRC Holdings Group continued

#### Financial performance targets

	Actual 2006	Target 2006
Net profit before tax	\$6.1m	\$7.0m
Net profit after tax	\$15.2m	\$4.4m
Return on total assets	4.7%	6.6%
Return on shareholder equity (excludes any increase in the value of investment property)	5.2%	4.1%
Return on shareholder equity (includes any increase in the value of investment property)	13.7%	N/A
Dividends	\$0.4m	\$0.4m

#### Net profit before tax

The group posted a net profit before tax, before any increases in the value of investment property and land, of \$6.1 million compared to the budget of \$7.0 million for the year. The major variation to our budgets is a charge of \$1.3 million (2005 \$3.1 million) to cover impaired assets. CentrePort commissioned two new cranes recently, and consequently wrote down the value of "D" crane. This amounted to most of the impairment charge.

#### Net profit after tax (before deduction of minority interest)

The net profit after tax measure includes a \$10.8 million (2005 \$14.4 million) increase in the net current value of the group's investment properties and land.

#### Return on total assets

This target is calculated as earnings before interest and tax (EBIT) and expressed as a percentage of average total assets. The result is less than expected. Some CentrePort assets were written down and charged against profit and at the same time the asset base has increased following asset valuations at 30 June 2005 and 30 June 2006, thereby increasing the base used to calculate the ratio.

#### Return on shareholder equity

Return on shareholder equity is calculated as net profit after tax (after deduction of minority interest) as a percentage of average shareholder equity (excluding minority interest). The measure is shown both before and after any increase in the value of investment properties. Average parent shareholder equity has also increased due to the revaluation of assets.

#### Dividends paid (or payable to the parent shareholder)

As a result of CentrePort's improved performance, dividend payments have been kept at previous levels.



## Investments

### WRC Holdings Group continued

#### Environmental performance targets

##### Planned targets

CentrePort Ltd to comply with AS/NZS 14000: Environmental Management Standards.

CentrePort Ltd to promote the introduction into the district and regional coastal plans of the principles of NZS 6809:1999 Acoustics – Port Noise Management and Land Use Planning.

CentrePort to complete a noise management plan to support proposed changes to the noise provisions within the district and regional coastal plans.

The group to comply with all conditions under resource consents and permits held, and full adherence to the requirements of environmental law generally.

##### Actual

CentrePort Ltd (CPL) has established an effective environmental management system that incorporates a separate formal environmental management and emergency management plan in accordance with AS/NZS ISO 14001:2004. CentrePort holds regular Environmental Consultative Committee meetings with representatives of the wider community interest groups. The Health, Safety and Environment Board Committee reviews CPL's environment performance regularly.

Achieved. CPL is working with the respective local bodies to ensure that the District and Regional Plans include the principles of port noise management.

Achieved. CPL's Port Noise Management Plan has been submitted to the respective planning authorities (WCC and GWRC) to ensure that these are included in the public consultation process.

Achieved.

## Investments

### WRC Holdings Group continued

#### Social performance targets

##### Planned targets

CentrePort to maintain tertiary level of compliance with the ACC Workplace Safety Management Practices Programme and comply with the AS/NZS 4801: Occupational Health and Safety Management Systems.

CentrePort to maintain compliance with the International Ship and Port Security (ISPS) Code, which promotes security against terrorism within the port environment.

CentrePort to undertake risk assessments and implement any mitigating procedures relating to the Port and Harbour Safety code which promotes safety and excellence in marine operations.

Undertake a level of sponsorship appropriate to CentrePort.

Meet regularly with representative community groups of CentrePort.

##### Actual

Achieved. CentrePort has conducted bi-annual ACC audits, with the next scheduled in 2007. CentrePort currently holds a tertiary level of compliance.

Achieved. Audited in 2006 and passed.

Achieved. The Port and Harbour Safety Code Navigational Risk Assessment has been completed and 31 key risks have been identified. Of these, CentrePort is responsible for managing 17. The assessment recommended increased tug power capacity, more frequent harbour depth soundings, implementing a harbour weather system and determining berth loads. CentrePort is currently working through an action plan, which prioritises mitigating strategies.

Achieved. CentrePort engages in a wide range of community sponsorships ranging from business groups to specific community projects and endeavours. Spending in 2005/06 amounted to \$90,000.

Achieved. CentrePort participates in a number of community working groups such as the Environmental Consultative Committee, Transport Advisory Bodies and Chambers of Commerce.

## Investments

### WRC Holdings Group continued

#### Social performance targets continued

##### Planned target

To hold more port tours for community groups.

##### Actual

The International Ship and Port Security (ISPS) Code makes the provision of port tours difficult. Notwithstanding, a small number of tours for stakeholders and community groups have been conducted over the past 12 months.

## Investments

### WRC Holdings Group continued

#### General performance targets

##### Planned targets

The group will, in consultation with shareholders, continue to develop performance targets in the environmental and social areas.

##### Actual

During consultation, the shareholders reviewed the 2007 Statement of Corporate Intent and the environmental and social performance targets have been revised. As a result, two new environmental targets (2007 SCI items 5.3d and 5.3e) added, two environmental targets (2006 SCI items 5.3b and 5.3c) deleted, because they have already been achieved, and one social target (2006 SCI item 5.4f) deleted.

# Investments

## CentrePort

### Objectives of the company

The primary objectives of the company as set out in the 2005/06 Statement of Corporate Intent (SCI) shall be to:

- operate as a successful, sustainable and responsible business
- be customer focused and provide superior service
- be the industry leader in transport logistics solutions.

The financial objectives of the company shall be to:

- provide a commercial return to shareholders
- adopt policies that prudently manage risk and protect the investment of shareholders.

The environmental objectives of the company shall be to:

- operate in an environmentally responsible and sustainable manner
- raise awareness of environmental issues within the company.

The social objectives of the company shall be to:

- Be a learning organisation and a superior employer.
- Provide a safe healthy workplace
- Participate in development, cultural and community activities within the regions in which the company operates.

### Directors

N J Gould (Chairperson)  
D J Benham  
E M Johnson  
W A Larsen  
J G Jefferies  
R M Peterson  
R Janes

## Investments

### CentrePort continued

#### Financial performance targets

The following table lists performance against targets set in CentrePort 2005/06 Statement of Corporate Intent (SCI). Comparison against targets is provided excluding and including revaluation gains on investment properties (as the SCI did not anticipate changes in asset values).

	2005/06 Actual excluding valuation changes <sup>(3)</sup>	2005/06 Actual including valuation changes <sup>(3)</sup>	2005/06 SCI Target
Net profit before tax	\$9.0m	\$9.0m	\$9.9m
Net profit after tax	\$6.8m	\$15.3m	\$6.8m
Return on total assets <sup>(1)</sup>			
- port	5.7%	5.7%	7.8%
- investment properties	5.1%	13.6%	4.8%
- overall			6.5%
Return on shareholders' funds <sup>(2)</sup>	4.5%	10.0%	4.5%
Dividend	\$3.6m	\$3.6m	\$3.6m
Dividend % of net profit after tax	53%	23%	53%

<sup>(1)</sup> Net profit before interest and tax as a percentage of average total assets.

<sup>(2)</sup> Net profit after tax as a percentage of average shareholders' funds.

<sup>(3)</sup> Valuation changes include an impairment of property, plant and equipment of \$1.3m and a revaluation of investment property and land available for development of \$8.5m.

## INVESTMENTS

### Financial Summary

	<b>Council 2006 Actual \$000's</b>	<b>Council 2006 Budget \$000's</b>
<b>INCOME STATEMENT</b>		
Operating Revenue	13,047	12,728
Operating Expenditure	7,964	8,304
<b>Earnings before Interest</b>	<b>5,083</b>	<b>4,424</b>
Interest	(798)	(776)
<b>Operating Surplus/(Deficit)</b>	<b>5,881</b>	<b>5,200</b>
<b>Less:</b>		
Contribution to General Rates	1,524	7,759
Targeted Rate (Stadium)	(2,676)	(2,676)
<b>Earnings Retained</b>	<b>7,033</b>	<b>117</b>
<b>OPERATING SURPLUS OF INDIVIDUAL INVESTMENTS</b>		
Cash Deposits	3,409	3,234
WRC Holdings	2,850	698
Treasury Management	3,907	3,832
Plantation Forests	(1,332)	(365)
Reserve Forests	(986)	(522)
Administrative Properties	51	19
Akura Conservation Centre	0	31
Bioworks	(241)	43
Wairarapa Workshop	7	14
<b>Operating Surplus (Deficit)</b>	<b>7,665</b>	<b>6,984</b>
Regional Stadium	(1,784)	(1,784)
<b>Total Operating Surplus</b>	<b>5,881</b>	<b>5,200</b>

	<b>Council 2006 Actual \$000's</b>	<b>Council 2006 Budget \$000's</b>
<b>NET CONTRIBUTION TO GENERAL RATES FROM INDIVIDUAL INVESTMENTS</b>		
Cash Deposits	3,409	3,234
WRC Holdings	308	433
Treasury Management	(2,034)	3,832
Plantation Forests	0	150
Reserve Forests	0	75
Administrative Properties	28	(15)
Akura Conservation Centre	35	35
Bioworks	(237)	0
Wairarapa Workshop	15	15
<b>Total Contribution to General Rates</b>	<b>1,524</b>	<b>7,759</b>

## Statement of compliance and responsibility

### Compliance

The Council and management of Greater Wellington Regional Council 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 management of Greater Wellington Regional Council accept responsibility for the preparation of the annual financial statements and judgements used in them.

The Council and management of Greater Wellington Regional Council 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 management of Greater Wellington Regional Council, the annual financial statements for the year ended 30 June 2006 fairly reflect the financial position and operations of the Greater Wellington Regional Council.

Ian Buchanan

*Chairperson*

17 October 2006

David Benham

*Chief Executive*

17 October 2006

Barry Turfrey

*Chief Financial Officer*

17 October 2006



**Audit report**

**Audit report**

## **Supplementary information**

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## SUPPLEMENTARY INFORMATION: Council Debt

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Forestry - Western Region	3,924	4,107	4,282	4,454	4,942	5,839	7,216	8,469	8,975	10,172	11,065	11,864	12,321	13,000	13,331
Forestry - Wairarapa	1,446	1,611	1,583	1,409	1,838	2,515	3,286	4,112	4,580	5,496	6,529	7,818	8,790	9,286	9,833
Flood Protection - Western Region	10,999	15,300	19,653	22,052	22,727	23,248	23,122	23,437	25,084	25,346	24,501	23,356	23,135	22,172	25,496
Flood Protection - Wairarapa	1,033	904	1,404	1,309	1,216	1,121	1,232	1,432	1,292	1,141	894	601	550	683	607
Transport	6,066	5,998	5,860	5,717	5,563	5,416	5,242	5,047	4,826	4,582	4,317	4,025	3,701	3,348	2,967
Parks & Forests	611	579	565	622	763	861	999	1,127	933	1,296	1,546	1,617	1,711	1,695	3,124
Corporate:															
Regional Council Centre	24,141	23,410	22,406	21,721	21,206	10,433	9,518	8,508	7,385	6,156	4,649	3,223	2,999	2,756	2,491
Other Buildings	1,305	1,175	853	838	1,041	1,018	1,001	982	959	935	908	878	685	985	946
Information Systems	767	980	1,037	875	394	232	0	1,470	1,144	893	1,297	884	402	741	524
Regional Stadium	0	0	0	0	0	0	0	24,500	23,974	23,378	22,729	22,029	21,272	20,444	19,552
Regional Water Supply	66,802	72,457	69,849	68,419	69,633	70,743	67,121	63,679	59,930	56,190	51,680	48,106	45,759	43,648	44,983
<b>Total Activities Debt</b>	<b>117,094</b>	<b>126,521</b>	<b>127,492</b>	<b>127,416</b>	<b>129,323</b>	<b>121,426</b>	<b>118,737</b>	<b>142,763</b>	<b>139,082</b>	<b>135,585</b>	<b>130,115</b>	<b>124,401</b>	<b>121,325</b>	<b>118,758</b>	<b>123,854</b>
Treasury Internal Funding	6,382	(16,333)	(12,909)	(22,324)	(22,549)	(31,808)	(36,739)	(42,093)	(43,352)	(48,174)	(47,409)	(54,254)	(57,341)	(60,761)	(63,915)
<b>Council External Debt</b>	<b>123,476</b>	<b>110,188</b>	<b>114,583</b>	<b>105,092</b>	<b>106,774</b>	<b>89,618</b>	<b>81,998</b>	<b>100,670</b>	<b>95,730</b>	<b>87,411</b>	<b>82,706</b>	<b>70,147</b>	<b>63,984</b>	<b>57,997</b>	<b>59,939</b>

**Supplementary information**

**Supplementary information**