

# Greater Wellington Regional Council

## Annual Report 2015/16

FINAL DRAFT

Draft as 21 September 2016

# Table of Contents

## He Rārangi Kaupapa

Chair’s report.....	3
Chief Executive’s report .....	4
Community outcomes.....	5
Our place in your world.....	6
Our key achievements for 2015/16.....	8
Finances at a glance - He Pūrongo Pūtea.....	16
<b>Activities of the Greater Wellington Regional Council - Ngā Mahi a Te Pane Matua Taiao .....</b>	<b>19</b>
Regional leadership - Ngā Kaihautū o te Rohe.....	20
Public transport - Ngā Waka Tūmatanui .....	37
Water supply - Ngā Puna Wai.....	49
Environment - Te Taiao .....	54
Flood protection and control works - Te Tiaki me te Arahi Waipuke.....	64
Parks - Ngā Papa Whenua .....	73
<b>Council Controlled Organisations and Investments - Tā te Kaunihera Rōpū me ngā Mahi Haumi</b>	<b>81</b>
<b>Financial Statements - He Pūrongo Pūtea .....</b>	<b>95</b>
<b>Other Information .....</b>	<b>168</b>
<b>Audit report - He Pūrongo Arotake Pūtea .....</b>	<b>169</b>
Statement of compliance and responsibility.....	170
Regional Councillors - Ngā Māngai a Rohe.....	171
Council committee structure .....	172
GWRC structure .....	174

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*Auditors*

Audit New Zealand on behalf of the Auditor-General

*Bankers*

ANZ Bank New Zealand Limited

*Treasury advisers*

PwC New Zealand

## Chair's report

Wellington region is up there with the best in the world has to offer when it comes to quality of life, but we can't take any of our advantages for granted. Over the last year Greater Wellington Regional Council has placed more emphasis on actively working alongside regional and national partners to futureproof our economy, environment, and infrastructure for the significant challenges we'll face in future years.

Work toward an international-standard public transport network progressed well, with the signing of a new contract for rail operations with Transdev Wellington, and work towards a similar performance-based tender for bus services. We began the process of transforming our council vehicle fleet to full electric, approved our Climate Change Strategy which sets out how we as a council will 'walk the talk' in reducing emissions in our operations, and organised the Electric Vehicle Symposium, which drew together international and national experts.

In 2015/16, we worked with employers and universities to develop the framework that will attract more smart industry to our region, and make sure the skills that industry needs are available. We completed the proposed Natural Resources Plan, the result of several years' work to revolutionise the way we manage our natural resources in concert with local communities in the five mega-catchments that make up the region. This collaborative approach will enable us to deal with the numerous threats to the integrity of the region's natural capital far more effectively.

As the impact of climate change increases, both water storages and flooding are issues we must continue to address. In 2015/16, the Lower Hutt community voted overwhelmingly for the flood protection scheme that will provide the highest level of flood protection proposed, and we progressed flood management planning in other parts of the region. We continued to explore water storage possibilities for the area, and Wellington Water continued its work to strengthen the infrastructure for bulk water supplies across the region.

Finally, I want to note that in November 2015 Warm Greater Wellington, the scheme that enables ratepayers to affordably insulate their homes, reached 10,000 households. Planning has begun for the next 10,000.

Warmest thanks to every one of our partners – including countless volunteers - who worked with us to make our region cleaner, greener, more productive and a better place to live.



Chris Laidlaw

## Chief Executive's report

At Greater Wellington Regional Council, we aim to have genuine and meaningful conversations with our communities about what they want and need, over a range of subjects as diverse as water quality, flood protection, public transport, and how we manage and care for our natural resources.

Engagement has been a strong theme for us in 2015/16. Communities need open, honest, and clear information from us, and we need open and honest feedback from them. Even when people don't agree with a decision we've made, they need to know that they've had the chance to express their view, be heard, and have their view seriously considered.

In 2015/16, *Let's Get Wellington Moving* saw more than 10,000 people share their ideas about how to free up traffic congestion in Wellington City, particularly the airport to Ngauranga route. *Let's Get Wellington Moving* will result in a much more open flow of traffic around the city, making life better for business, communities and commuters -- including those on buses and bikes -- and its solutions will be based on the views of the people who use Wellington's roads every day.

We also gathered the views of thousands of people from hundreds of meetings across the region in developing the proposed Natural Resources Plan. The Plan will result in much simpler and clearer resource management across the region. The rules are better coordinated, landowners will have access to more support, and resource management policies and rules are integrated into one plan, rather than the current five.

The Lower Hutt community, armed with clear information, good data and clear options, made a significant decision in 2015/16 about their flood protection scheme, and preliminary work is already underway. Our engagement on this Riverlink Project taught us about the power of communicating science in a way that's meaningful and relevant, and I'm committed to continued improvement in this area.

As the following pages will show, Greater Wellington is very much out there at the frontline of our communities. We're in every part of the region and our work touches the daily lives of everyone here. Many thanks to our partners from mana whenua, local and central government, industry, academia and across our communities for what we've achieved together in 2015/16.



**Greg Campbell**

# Community outcomes

We work to constantly improve the region to ensure it's a place where people want to live and thrive. Our community outcomes reflect the ambition and energy of the people who choose to live here.

We're involved in providing many of the often unseen and unsung services people take for granted but which underpin the quality of life in the region. We aspire to *improve the overall wellbeing of the region* and align our work to five community outcomes to achieve this.

<b>Outcome</b>	<b>What does that mean?</b>
<b>Strong economy</b>	<i>A thriving and diverse economy supported by high quality infrastructure that retains and grows businesses and employment</i>
<b>Connected community</b>	<i>People are able to move around the region efficiently and our communications networks are effective and accessible.</i>
<b>Resilient community</b>	<i>A community that plans for the future, adapts to change and is prepared for emergencies</i>
<b>Healthy environment</b>	<i>An environment with clean air, fresh water, healthy soils and diverse ecosystems that supports community needs.</i>
<b>Quality of Life</b>	<i>An engaged community that takes pride in our region, values our urban and rural landscapes, and enjoys our amenities and choice of lifestyles.</i>

## Our place in your world

*Our work gets us out and about all over this wonderful region. Here are a few of the places you may have seen us, working with our partners and volunteers, in 2015/16.*

**Protecting lives and livelihoods** by developing flood management plans with communities, strengthening existing flood protection along riversides, maintaining \$263 million of flood protection assets, clearing streams and replacing bridges and tracks after heavy rain

- 6,500 properties to be protected by Riverlink project
- 6,500 tonnes of rock riprap laid and 43,400 trees planted along riversides
- 264,000 cubic metres of gravel removed from rivers

**Keeping cyclists and pedestrians safe** by teaching children and adults cycle safety skills, providing bus and bike safety workshops for drivers, staging a national design competition for reflective every day and high fashion wear

- 60 children a day using Te Ara o Whareora cycleway for their school commute
- Nearly 2000 children tracked their daily walking and cycling during Movin' March
- 455 people learned cycle safety skills at a Pedal Ready programme

**Giving a glimpse of the future of transport** with demonstrations of hybrid and double decker buses, a trial of bike racks on buses, and an Electric Vehicle Symposium; working with our partners toward a world-class transport network for the region

- 10,000 people responded to the *Let's Get Wellington Moving* survey about Wellington City traffic issues
- 170 participants shared their ideas at the Electric Vehicles Symposium

**Improving the public transport experience** by launching the new one-stop-shop passenger website [www.metlink.org](http://www.metlink.org), signing up a new train operator and continuing the roll-out of a new train fleet, developing hundreds more Park & Ride spaces, building the new Upper Hutt train station, providing new and refurbished bus shelters, and installing artworks to deter graffiti

- 24.3 million bus passenger trips
- 12.8 million rail passenger trips
- 471 extra Park & Ride spaces funded
- 30,000 timetables a day viewed on the Metlink website
- \$100 million saved over 15 years with Transdev Wellington contract

**Protecting biodiversity** through controlling the spread of possums, rabbits and mustelids, planting to prevent erosion, digging out and spraying weeds, and organising community planting days

- 70,000 hectares of possum control
- 61 key biodiversity sites with intensive pest control

**Building economic resilience** by gathering evidence on current and future skills needs and industry demands in the Creative Digital Industries; concluding a three-year project with Victoria University of Wellington that connects graduates to future employers.

**Promoting our natural and cultural heritage** planning, managing, and helping visitors to our network of regional parks, forests and trails; completing new cycle and walkways, repairing flood damage, managing higher visitor numbers, improving facilities, protecting the environment.

- Approximately 1.2 million visits to our regional parks
- 30,000 summer campers at Kaitoke Regional Park
- 1,000,000 visitors to Hutt River Trail

**Working with our volunteer partners** at Restoration Day in Carterton, planting in Queen Elizabeth Park, monitoring shorebirds and freshwater mussel at Wairarapa Moana

**Caring for our environment** supporting volunteer groups, working with landowners, managing resource consents, planting for water quality and erosion control

- 145 properties implemented a Wellington Region Erosion Control Initiative (WRECI) programme
- We supplied over 29,000 poles for the WRECI
- 1332 environmental notifications responded to; 27 abatement notices and 17 infringements issued

**Keeping you safe on the water** ensuring the safe use of Wellington Harbour during events including dragon boating, waka ama, and fireworks displays; ensuring the safety of boats and bridge jumpers at Porirua; and clearing out storm debris.

**Our key achievements for 2015/16**

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## Building our region's economic resilience

### *Networks, connections, relationships*

Wellington region doesn't lack for talent or creativity. We have plenty of smart people here, and a start-up culture that embraces good ideas and innovation. What's less well developed is our sustainable business culture – the networks, connections and partnerships that create new opportunities and a self-sustaining momentum of growth.

Developing the strategy of how we can possibly harness and grow these sectors is our job and we work with the Wellington Regional Economic Development Agency (WREDA) to bring those ideas into reality.

Creative Digital Industries (CDI) is one of our region's economic growth areas, and we know that demand for CDI skills will continue to increase in all sectors, such as design, cybersecurity, film and screen. We'll gain much more from this opportunity if we approach it in a planned and collaborative way.

In 2015/16, Greater Wellington partnered with Callaghan Innovation and with a London-based market intelligence company to gather data to inform how we can attract investment, grow businesses, and promote exports from our CDI industry.

This work has resulted in a national project to demonstrate the importance of digital design to the New Zealand economy; a project led by Massey University, and based on the CDI work we initiated.

It also involved us running workshops for cybersecurity industry players to identify opportunities for collaboration; and developing with industry and with the Ministry of Business, Innovation and Employment a cybersecurity skills action plan that identified where industry growth is most likely. This model is now being replicated at a national level, with central government agencies and multi-national businesses involved.

#### By the Numbers:

The Wellington regional economy has grown 3.0% off the back of strong net migration, high business confidence levels and employment increasing by 4,167 jobs.

The service based industry contributes to 87% of the region's economy

67% of working age population in jobs

#### **Getting to know our Knowledge Economy**

Wellington region has the nation's highest concentration of web and digital based companies. Whether we're on the farm, in the mechanical workshop or studying data at a computer, technology and information drive much of our regional productivity. This makes us an excellent example of what's been called the weightless or invisible economy – a knowledge economy.

In 2013, Greater Wellington commissioned a three-year research programme into our knowledge economy, with a focus on finding out how business leaders perceive the business environment here, what they need of new graduates and what they think is most likely to attract talent to our region.

We worked with Victoria University on this research, which involved third-year business students getting out and asking the questions of their potential future employers.

The research programme finished in 2015/16; two reports on local business and their needs have been produced, with one more to come. As importantly, the programme promoted strong connections between 'town and gown' and enabled students to build relationships with business; 90 percent of the students who took part said the programme had very positive results for them.

## Connecting the community

### *Creating a world-class public transport system for the whole region*

Getting more passengers onto public transport is good for commuters, the economy and the environment.

A world-class destination like Wellington region needs a world-class public transport system: one that makes the bus, train or ferry a positive choice for people who want to get around easily and affordably. Greater Wellington funds the region's rail and bus operations together with the New Zealand Transport Agency; we own the trains and stations (except Wellington Station); we plan the public transport network, and we provide information services for customers. All this gives us a lot of say in developing the public transport system the region deserves.

In 2015/16, we passed some great milestones on our journey towards an excellent transport network.

We completed a tender process to contract a new rail operator. A new performance-based contract has been put in place with a focus on improving safety and service reliability. We anticipate that this contract with Transdev Wellington will bring a better class of rail journey to its customers – and will save ratepayers \$100 million over the next 15 years.

We continued to upgrade to more comfortable, accessible, spacious and modern trains. Twenty-eight out of 35 new Matangi 2 units were delivered, and we completed upgrades to the Matangi 1 fleet. This meant we also had to say a fond, although perhaps timely, farewell to the Ganz-Mavag fleet, which arrived here from Hungary in the 1980s.

To make catching the train easier, and to free up parking in city centres, we built and planned for an additional 471 Park & Ride spaces at stations across the region. We built a fantastic new train station at Upper Hutt as well.

We put a lot of work into a Request for Tender for bus operations, which was released in August 2016. Similar to our achievement in rail, these services will be provided under new performance-based contracts which will deliver customer focused services.

Intensive planning continued for the introduction of the new Wellington bus network in 2018 which will provide more routes and new timetables with more frequent services. The changes will make our public transport service more reliable and easier for people to get to the places that they need to go. The planned changes follow extensive consultation with communities across Wellington City.

In 2015/16 we held very popular public demonstrations of hybrid and double-decker buses. We also launched the new Metlink site, giving customers at-your-fingertips information about schedules and routes.

#### **By the numbers**

Increase in bus passenger numbers: three percent (to 17 million)

Increase in number of rail trips: six percent (to 12.8 million)

Increase in customer satisfaction with current trip: three percent (to 93 percent)

#### **Easier, better, smarter information**

Commuters are voting with their fingertips with the new Metlink website, launched in October 2015 to give one-stop-shop information on routes, timetables and service updates.

[www.metlink.org](http://www.metlink.org), which replaced two older websites, has had five million visits and 15 million page views since its launch; each day, an average of 30,000 timetables are viewed, and 7,500 trips are planned through the site's super-easy Journey Planner.

Twenty thousand people so far are signed up for a My Metlink account, which enables them to subscribe to emails and texts; customers can now buy their monthly passes online; 'real time' information means text, email, and Twitter alerts on train services go out each time the website is updated.

Number of MyMetlink account holders: 20,000 (growing by 100 a week)

New bus shelters built: 16

Existing bus shelters renewed: nine

New railway stations built: one (Upper Hutt Station)

Extra Park & Ride spaces funded: 471

New Matangi 2 trains delivered: 28 2-car units

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## Managing the recreational environment

### *Encouraging people to relax, explore and enjoy our regional parks*

Our regional parks are the jewels in the crown of our regional environment: beautiful outdoor spaces that are free for everyone to visit and that showcase our region's landscape and history. Railway trails, lighthouses, WWII Marine Camps and ammunition stores, battle sites and working farms – these are all to be found in Greater Wellington's network of regional parks, forests and trails.

We look after the parks with the assistance of many volunteers, and our activities range from planning park use and development to providing public facilities, and ranger services to maintaining the tracks, controlling weeds, and cleaning up after storms – as in Belmont Regional Park after the floods of May 2015.

The 1:100 years rainfall damaged almost every structure in Belmont Park's Korokoro Valley, taking out three bridges, loading the tracks with debris, washing large sections away and leaving the park's most popular track, the Korokoro Valley track, unusable.

Repairs got properly underway in September, after inspections and assessments and the worst of the winter weather had passed; gravel and other debris was removed, tracks rebuilt and widened, bridges replaced and overall access improved.

The scale of work needed at Korokoro Valley meant we needed to put off some planned track building in other parks until next year, such as the planned walking track from Muritai Park in Eastbourne to Main Ridge in East Harbour Regional Park. However, a much improved and more easily maintained Korokoro Valley track reopened in May 2016.

We let new farming licences in 2015/16, in Queen Elizabeth Park and Belmont Regional Park; these will give much better public opportunities to visit working farms using modern farming practices.

With visitor and camper numbers at our parks increasing significantly in 2015/16, we installed new facilities and put some extra cleanup time into Kaitoke and Belmont Parks.

#### **Six stunning kilometres**

Before large-scale human settlement, sandy dunes ran all along the Kapiti coast from Paekakariki to Raumati South. Today the last remnant of this duneland is protected within the 650 hectares of Queen Elizabeth Park, along with several wetlands and a small stand of kahikatea forest. The Park is steeped in history, with the remains of pa sites and marine camps, and a tramway line that runs to Whareora Beach.

In January 2016 we opened the latest addition to Queen Elizabeth Park: the six-kilometre Te Ara o Whareora walking and cycling path that runs from Paekakariki to Raumati South. Already a huge hit with visitors, Te Ara o Whareora is also providing a safe cycling route for children getting to and from school. Around 60 children a day are using the path for their 'school commute'; over a year.

#### **In 2015/16:**

1.2 million visits to our regional parks  
30,000 people enjoyed camping at Kaitoke Regional Park (8,000 more than the previous year)  
22,000 trees planted in parks with the help of hundreds of volunteers

## Bringing it all together

### *To care for our region's environment*

What are our bottom lines for water and air quality, and how do we achieve them? How do we balance the needs of industry against our desire to protect and enhance our precious natural resources? Do we need more, or fewer, restrictions on land and water use? What mix of rules and support do we need for people to successfully restore and enhance waterways on their land?

These are the kinds of questions we've asked at hundreds of workshops, stakeholder hui, and public discussions across the region as we've worked towards a more effective way to manage our natural resources across Wellington region.

The result is the proposed Natural Resources Plan. The final Natural Resources Plan will replace our five existing plans for resource management (one each for air, water, land use, soil, and coast), and will support landowners and communities to meet national standards such as those set for water quality.

The process is being run by the Te Upoko Taiao Natural Resource Management Committee, which Greater Wellington established specifically to guide and oversee the Natural Resource Plan's development. With seven councillors and seven mana whenua appointees, the Committee set a whole new standard in bringing mana whenua values to the heart of our work.

While setting out to develop a more integrated plan, we also knew that the five catchments of Wellington region have very different characteristics and needs, from urban centres to high hill country. We also have to ensure that any plan meets the national standards for freshwater quality; and of course, water quality is directly affected by what we do on the land.

So Council planned to establish five catchment committees, or whaitua, to lead their communities in determining their own values for water quality in their catchment, and what's needed to achieve them. Two whaitua are established so far, in Porirua and Wairarapa, with three more to be established in the next few years.

The whaitua are a big step forward in creating a genuinely community-led decision making. They're made up of local people with local knowledge, and mana whenua have a key role. Whaitua plans for water quality will eventually be contained in the final Natural Resources Plan, giving the community a strong and genuine voice in environmental management.

#### **The five whaitua of Wellington region**

Across Wellington region, nearly half a million people live in cities, coastal towns, rural centres and farming districts. Covering 7,860 square kilometres, the landscape includes rugged ranges, rolling hill country, river plains, wetlands and coastal flats.

The great diversity of our region means its five catchments: Kapiti coast, Wairarapa coast, Ruamahanga river, Te Awarua o Porirua, and Wellington/Hutt Valley: each has very different characteristics and different demands on the water and land. It makes sense to establish a whaitua in each catchment to ensure that local people who know local needs are at the helm. The collaborative modelling, too, will be undertaken for each whaitua, so the data they get is as specific as possible to the waterways in their own catchment.

## Protecting lives and livelihoods

### *Confronting the reality of a changing climate*

The science is clear: as the impacts of climate change continue to bite, storms and floods will become more frequent and extreme. Our flood protection work ranges from raising awareness of flood hazard and risk, to developing flood management plans with communities and constructing the protection works that reduces risks to people and livelihoods.

The heaviest rainfall in recent years was in May 2015, when some of our rainfall and river monitoring sites showed more rain falling in one day than is usual during the entire month. None of the stopbanks we manage were breached in the floods, which is testament to our flood planning and control work with communities and shows the value of planning ahead for flood protection.

However, Porirua Stream reached a flow rate of 66 cubic metres per second, its highest flow since 1980, and tonnes of gravel were deposited in the stream near the central business district. We completed a huge clean-up operation in a matter of weeks, removing 3,600 cubic metres of gravel that we had carted off to Transmission Gully – saving ratepayers around \$40,000 in landfill fees.

During clean-up operations, we also removed around six cubic metres of rubbish from the streambed – bikes, bottles, traffic cones, car tyres and golf balls being the primary culprits.

Three Flood Management Plans are currently operating across our region, for Te Awa Kairangi/Hutt River, Waikanae, and Otaki. A big achievement in 2015/16 was getting approval for the Pinehaven Flood Management Plan for Upper Hutt, following some intensive modelling and community engagement; in Wairarapa, the draft Waiohine Flood Management Plan went out for consultation, and in Lower Hutt we worked with the community to achieve consensus around new flood protection standards.

#### **Maintaining our assets**

Greater Wellington manages 290 kilometres of stopbanks along the region's nearly 800 kilometres of river, with nearly \$263 million worth of flood protection assets.

Maintaining our flood protection works in 2015/16 included strengthening riverbank edges with 6,500 tonnes of rock; preventing erosion by planting 33,000 plants along riverbanks; and extracting 264,000 cubic metres of gravel from riverbeds.

As communities become more aware of flood hazard and risk, we're getting more frequent requests for advice and information. In 2015/16 we developed a new web portal to deliver flood hazard and river management information, to meet this demand.

FIMN

### **Riverlink is underway**

In 2015/16, the Lower Hutt community gave its overwhelming support to the scheme that will provide flood protection to a 1 in 440 year standard for one hundred years.

The Riverlink Project will be one of the biggest flood protection schemes in the country. Preliminary design and costings are already underway, and discussions have begun with the owners of properties on Marsden and Pharazyn Streets, whose homes we need to purchase so we can widen the river channel and build higher stopbanks between Ewen and Kennedy-Good Bridges.

The riverside will be replanted and restored and amenities added so that it becomes a revitalised area for community activities, and will be an even more attractive part of the popular Hutt River Trail. We'll also take the opportunity to link the riverbank to parts of Lower Hutt's CBD, as part of the city's urban renewal strategy.

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# Finances at a glance - He Pūrongo Pūtea

## Annual revenue



**\$136 million**  
from rates

**\$104.5 million**  
from grants & other sources

## Annual expenditure



## Capital expenditure



## Debt





## Summary Statement of Revenue and Expenditure

Greater Wellington achieved an operating surplus of \$4.8 million compared to a budgeted \$7.5 million. The lower than forecasted surplus reflects a number of movements, most significantly being the timing of transport improvement grants.

Greater Wellington's net deficit is \$29.9 million compared to a budgeted surplus of \$8.3 million, giving rise to an unfavourable variance of \$38.2 million. This is mainly due to the revaluation of interest rate swaps which does not impact the rates requirement.

Greater Wellington had a strong performance against its financial measures. These are financial 'benchmarks' that local bodies are required to report against as outlined in the 10 Year Plan 2015-25.

We spent \$133 million during the year on asset renewals and new assets from a budgeted capital expenditure programme of \$171 million. The difference to budget is mainly due to timing of delivery of the Matangi trains.

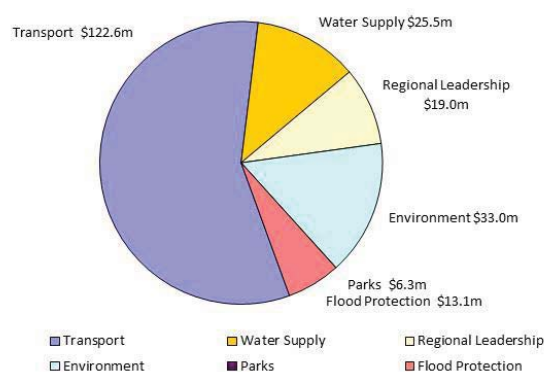
Greater Wellington has maintained its AA credit rating.

Our debt is below planned levels - net debt is \$312 million. We have investments of \$325 million.

	Greater Wellington		
	2016	2016	2015
	Actual	Budget	Actual
	\$000s	\$000s	\$000s
Revenue	238,050	240,195	222,661
Expenditure	(233,269)	(232,648)	(218,496)
<b>Operating surplus / (deficit)</b>	<b>4,781</b>	<b>7,547</b>	<b>4,165</b>
Fair value gains / (losses)	(34,674)	782	(19,518)
<b>Net Surplus / (deficit) for the year</b>	<b>(29,893)</b>	<b>8,329</b>	<b>(15,353)</b>

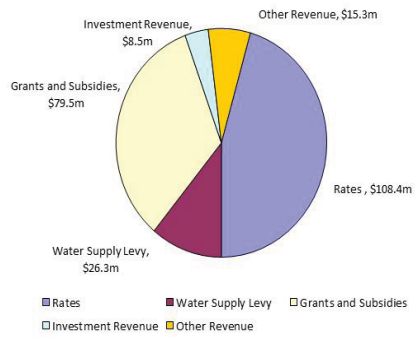
\$1.16 per residence per week is all it costs to pay for the wide range of services that Greater Wellington Regional Council provides.

Operational expenditure by strategic area



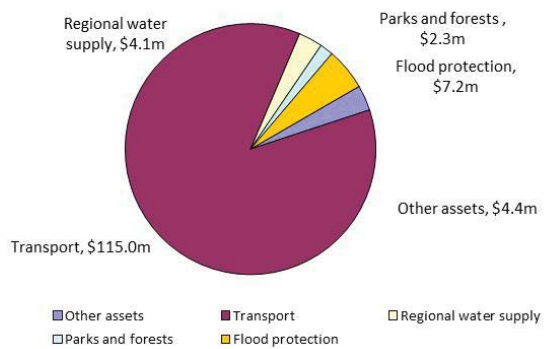
## Revenue

Greater Wellington’s revenue is sourced primarily through rates, and grants from central government. Other revenue is from the water supply levy, fees and charges, and investment revenue.



## Capital expenditure

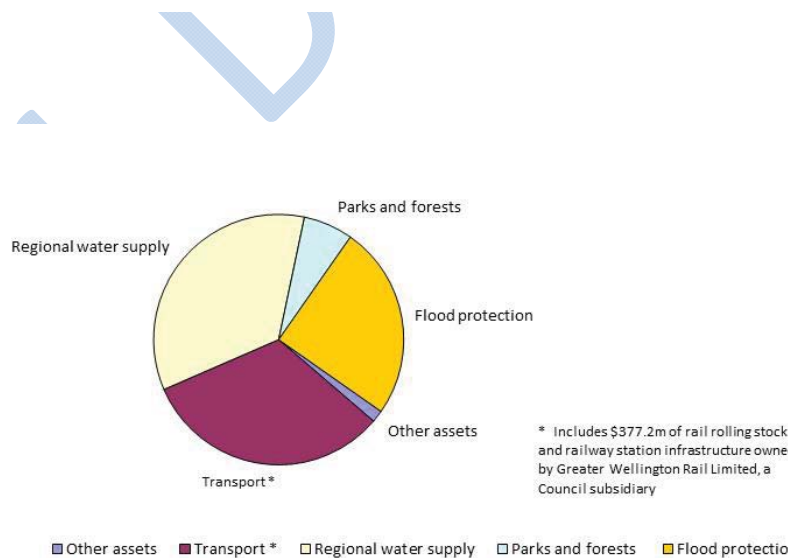
Greater Wellington spent \$133 million on capital and improvement expenditure. The transport number includes \$110 million for the new Matangi trains, flood protection, parks and water supply and infrastructure improvements. This illustrates the extent of the continued investment in public transport.



## Property, plant and equipment

Greater Wellington looks after many important community assets. Our asset base consists of public transport, regional parks and forests, flood protection and regional water supply. Public transport assets include the new Matangi trains and all stations excluding Wellington station.

Continued management and investment in these assets is essential. Maintaining and updating the detailed asset management plans ensures the assets are available to the community now and in the future.



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

In our Long Term Plan 2015-25, Greater Wellington set out what we planned to achieve this year. In this section of the Annual Report we report on a range of targets and performance measures we set and provide a summary of the year's achievements.

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.

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*Greater Wellington leads and partners with others to make this great region extraordinary*

## **Regional leadership - Ngā Kaihautū o te Rohe**

### **Community outcomes:**

*Strong economy, resilient community, connected community*

Economic growth and opportunity, resilient infrastructure, civil defence, a world-class transport network, a beautiful and healthy environment; these are the things that matter to everyone across our region.

Greater Wellington works with partners to develop long-term, sustainable solutions to the critical issues our region is facing, and to create opportunities for growth and improvement. Our relationships with mana whenua commit us to ensuring a Māori perspective on and involvement in our decisions and activities; and we provide advice to ensure strong governance within Council.

We actively participate in regional and national advisory groups and committees covering matters from sector performance, maritime issues and transport, including topics from Transmission Gully through to school buses. These forums provide the opportunity to ensure we promote the needs of the Wellington region.

Our Regional Leadership activities cover: relationships with Māori; Wellington Regional Strategy; regional transport planning and programmes; climate change planning and activities; regional initiatives; emergency management; and democratic services.

In 2015/16, our Regional Leadership highlights included:

- Walking the talk on our Climate Change Strategy, adopted in October 2015. With its first actions focused on our own operations, we set emissions reduction targets, created a policy for assessing the climate change implications of council projects, purchased our first fully electric vehicle and approved an 'electric first' policy for our vehicle fleet. The Strategy focuses on mitigation (reducing emissions), adaptation (preparing for the impacts of climate change), and awareness (providing resources and education).

### **Getting to know our Knowledge Economy**

Wellington region has the nation's highest concentration of web and digital based companies. Whether we're on the farm, in the workshop or studying data at a computer, technology and information drive much of our regional productivity.

This makes us an excellent example of what's been called the weightless or invisible economy – a knowledge economy.

In 2013, Greater Wellington commissioned a three-year research programme into our knowledge economy, with a focus on finding out how business leaders perceive the business environment here, what they need of new graduates and what they think is most likely to attract talent to our region.

We worked with Victoria University on this research, which involved third-year business students getting out and asking the questions of potential future employers.

The research programme finished in 2015/16; two reports on local business and their needs have been produced, with one more to come. As importantly, the programme promoted strong connections between 'town and gown' and enabled students to build relationships with business; 90 percent of the students who took part said the programme had very positive results for them.

- Launching the Hazard App, a tool for families, individuals and businesses to get alerts and information during emergencies. WREMO, the Wellington Region Emergency Management Office, worked with Red Cross to adapt this multi-million dollar international product to the New Zealand environment. WREMO acquired Hazard App at no cost, and made it available to the other 15 Civil Defence Emergency Management Groups throughout the country.
- Getting the views of more than 10,000 people in *Let's Get Wellington Moving*, the project to find long-term and sustainable transport solutions for Wellington City, particularly the Ngauranga to Airport route.

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## Relationships with Māori

Greater Wellington works with mana whenua as kaitiaki of our region. We respect and honour the strong connection and relationship Māori have with ancestral lands, water, sites, wāhi tapu, and other taonga.

We have partnership arrangements with six mana whenua iwi through our public forum. Ara Tahi provides a Māori perspective on our policies and ensure Māori have opportunities to be actively involved in the decisions that affect them:

- Ngāti Kahungunu ki Wairarapa - represented by Ngāti Kahungunu ki Wairarapa Trust
- Ngāti Raukawa ki te Tonga- represented by Ngā Hapū o Ōtaki
- Ngāti Toa Rangatira - represented by Te Rūnanga o Toa Rangatira Inc.
- Rangitāne o Wairarapa - represented by Rangitāne o Wairarapa Inc.
- Taranaki Whānui ki te Upoko o te Ika - represented by the Port Nicholson Block Settlement Trust
- Te Ātiawa ki Whakarongotai - represented by Āti Awa ki Whakarongotai Charitable Trust.

## The year in summary

2015/16 has been a busy and productive year. The highlight was working with others to develop the draft Māori Partnership Framework 2016-26, with its aim of 'Prosperous Māori communities connected to a healthy and vibrant natural world'. The framework will guide our work with mana whenua.

Following a stocktake of our statutory obligations to Māori, we commissioned a second report to identify gaps and opportunities; developed an iwi portal to provide support to the resource consent processing; and facilitated Geographical Information Systems training for our iwi partners. We continued to deliver Te Ara Matua training to staff and established the Poutiriao Forum, which provides advice across Council on operational issues from a Māori perspective.

The Ngāti Toa Rangatira Settlement Act 2014 established the Cook Strait Forum, tasked with finding ways to improve the health of the Cook Strait marine area. In February 2015, we convened the inaugural forum.

## Measuring our performance

Level of service	Performance measure	Performance targets			Achieved / Not Achieved
		Baseline (2014)	2015/16 Target	2015/16 Actual	
GWRC has the organisational capability and capacity to work with Māori	Percentage of staff who have completed Te Ara Matua training and other individualised training	11%	13%	13%	Achieved
Provide opportunities for Māori to be actively involved in decision making	Completion of actions identified in the Wellington Regional Council Stocktake of obligations to Māori	No baseline	TBC on receipt of Stocktake Report	Phase 2 Stocktake Report is pending <sup>1</sup>	Not achieved

## No unplanned work

<sup>1</sup> Phase 2 of the stocktake is intended to identify the required actions.

FINAL DRAFT

## Wellington Regional Strategy

Education, innovation, investment and infrastructure: they're all part of the Wellington Regional Strategy (WRS) for sustainable, long-term economic growth.

### The Year in Summary

The Wellington regional economy has grown 3.0% off the back of strong net migration, high business confidence levels and employment increasing by 4,167 jobs.

Greater Wellington played an important leadership role in this area. We host the WRS Committee, which has representatives from councils across the region. Projects have been designed to set an evidenced-based foundation for future regional growth activities.

Our innovative sector work across the creative and digital industries, including cyber security and design, has drawn national and government agency attention. Such projects now involve Massey and Victoria Universities, MBIE, Callaghan Innovation and peak industry bodies. Specific initiatives include addressing skills supply for the cyber security industry, which is forecasting significant growth.

Greater Wellington also continues to be a credible source of regional economic information and provides annual economic profiles, including the production of new research in the areas of labour supply through immigration and Wellington's digital sector.

Our three year applied learning programme involving 260 Victoria University students was formally evaluated and shown to be highly effective for their future employment.

Regional economic development delivery arrangements were strengthened through the formation of the Wellington Regional Economic Development Agency (WREDA). Greater Wellington is a shareholder in this agency, alongside Wellington City Council, and through the agency is supporting the transition of the region's economic performance towards greater prosperity.

### Our key projects and programmes

What we said we would do	What we did
Provide regional economic reports, forecasts, indicator tools and analysis	Annual economic profiles and reports on the digital economy, skilled migrants and cyber security available online. Genuine Progress Index (GPI) updated with indicator sets expanded.
Develop formal arrangements with government and key institutions to: <ul style="list-style-type: none"> <li>• Help address labour market constraints</li> <li>• Provide greater access for business to capital and export markets</li> </ul>	Developed a project with Massey University and the design sector to help quantify the scale and nature of activity in Wellington and NZ.  Established project with MBIE and cyber security interests to identify skills requirements for growth and market opportunities.  Developed framework with MBIE as basis to establish a formal arrangement to help attract and retain skills migrants.
Regional economic and business project co-ordination in infrastructure and open for business activities	Commissioned report in partnership with EQC to benchmark resilient infrastructure.
Investigate and research new economic development opportunities for the region to pursue	Partnership project with Victoria University and student business surveys completed and evaluated. Survey results reported.



## Measuring our performance

Level of service	Performance measure	Performance targets			Achieved/ Not Achieved
		Baseline (2014)	2015/16 Target	2015/16 Actual	
Promote economic growth in the region through the WRS Office, the WRS Committee and WREDA	Completion of projects in accordance with the WRS Office annual business plan	5	100%	100% <sup>2</sup>	Achieved

## Unplanned activity

Unplanned activity during the year was the result of an identified opportunity extending from our business plan activities, or a specific request to use our expertise. This included:

- Reviewing the potential economic and community benefits derived from the proposed Water Wairarapa project. These results will be reported early in the next financial year.
- Piloting the development of an online project management and collaboration tool for economic development activities across the region. This prototype will first be tested with our design and cyber security initiatives as a means of achieving efficient project engagement, management and reporting across multiple activities.
- Identifying a need for economic development practitioner training. This resulted in developing a two day programme for a conference to be held early in the new financial year.

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<sup>2</sup> 6 projects completed or progressed per WRS Office business plan.

## Regional transport planning and programmes

The Regional Land Transport Plan is a six-year programme to transform Wellington region’s transport network to a world-class, efficient and sustainable network that integrates public transport, private vehicles, cyclists and pedestrians.

### The year in summary

We completed our Regional Land Transport Plan in April 2015 and moved straight into implementation with our partners. Highlights from the 2015/16 year included Let’s Get Wellington Moving (Ngauranga to Airport programme); planning for the Petone to Grenada Link Road; commencement of planning of the Hutt Valley to Wellington cycleway beside State Highway 2; and developing a number of business cases for improvements to the regional transport network, including State Highway 2 and access to the Wellington Port area.

The Regional Land Transport Plan will be reviewed in 2018, and we’ve started discussions with NZTA and other regional councils on its proposed process and content.

We continued to lead investigations into regional transport resilience (how well our transport network would function after an emergency) and transport analytics (the data and its analysis that informs decision-making).

**Encouraging active transport**  
 With the support of our regional transport partner, the New Zealand Transport Agency, we train people in cycle skills and encouraging walking and cycling to school.

The Pedal Ready programme provided free cycle skills training to 4,303 children and 295 adults. More than 12,000 people have been trained through Pedal Ready since 2012.

Movin’ March encourages children to walk, cycle or scooter to school. Sixty schools took part in 2015/16, and nearly 2,000 children tracked their active travel during the month.

Sixty bus drivers took part in bus and bike workshops designed to reduce crashes between buses and bikes. Bus/cyclist crashes have reduced 13 percent since the workshops began in 2010.

### Our key projects and programmes

What we said we would do	What we did
Transport Network Resilience Programme Business Case	NZTA co-funding approval was not granted until April, which has caused a delay to the start of the project. The contract has now been awarded and the project is well underway.
Demand Management Programme Business Case	This project has now been incorporated into the Ngauranga to Airport (Let’s Get Wellington Moving) programme. As part of that programme investigations will be made into the options for managing travel demand into the key destination of the Wellington central city. This may include pricing, behaviour change or new infrastructure options.

## Measuring our performance

Level of service	Performance measure	Performance targets			Achieved / Not Achieved
		Baseline (2014)	2015/16 Target	2015/16 Actual	
Maintain a current policy framework to guide development of the regional land transport network	Maintain an operative Regional Land Transport Plan (RLTP) and develop Programme Business Cases (PBC) to support implementation of the Plan	No baseline	100%	100%	Achieved
	Completion of annual monitoring report and acceptance by RTC	No baseline	As scheduled	Achieved	Achieved
Coordinate and deliver programmes which promote and encourage sustainable and safe transport choices	Percentage of stakeholders and partners who rate coordination services and resources satisfactory or higher	87%	90%	90%	Achieved
	Mode shift in workplace and school travel plan programmes	4% increase in active travel trips to school for school travel programme 5% increase in cycling trips and 22% decrease in car trips for Active a2b	Workplace and school travel programme participants increase their use of sustainable transport modes	Not measured <sup>34</sup>	N/A - Not measured.

## Unplanned activity

The Ngauranga to Airport programme (Let's Get Wellington Moving) is an unplanned activity that arose from the Board of Inquiry's decision to not approve the designation for the proposed Basin Bridge. This is a major collaborative planning process involving three agencies: New Zealand Transport Agency, Wellington City Council and Greater Wellington, which aims to develop an agreed approach to future improvements to the transport network in Wellington City. The programme spans the 2015/16 and 2016/17 years.

<sup>3</sup> School travel data is collected by School Travel Plan Coordinators located in each city and district council. No new schools were surveyed in 2015/16 so there is no change to last year's results. The previous year's data shows that since 2006 there has been a 5.5% increase in active travel to school for those schools enrolled in the School Travel Plan programme alongside a 6.4% decrease in trips to school by family car.

<sup>4</sup> After running Active a2b in the same way over the past 6 years, a new approach was brought in this year. This meant that our measures were not aligned to previous years' measures. The number of participating workplaces in Active a2b increased from 146 in 2015 to 180 this year. There was little increase in cycling, PT and walking trips because 83% of people were already using these modes and the focus this year was on social media communications and engagement.

## Climate change planning and activities

Future proofing our region against natural hazards and disasters requires us to be aware of the impacts of climate change. Greater Wellington's work to mitigate, adapt, and raise awareness is encapsulated in our Climate Change Strategy, adopted in October 2015.

### The Year in Summary

After adopting the Climate Change Strategy in October, we progressed a number of actions, with a focus on reducing emissions (mitigation).

This included developing a process for assessing the climate change implications of council projects; setting emissions reduction targets for our corporate operations; and prioritising the purchase of electric vehicles in our corporate vehicle policy.

Lowering greenhouse gas emissions, as well as harmful pollutants, from the regional bus fleet is a key feature in the development of our tender for bus operators. A methodology to incentivise bus operators to offer low emission bus fleets in their tenders has been developed and included in the RFT for bus services. The methodology is based on the differences in the economic cost to society of these emissions between different bus fleets offered.

Climate change science is continually changing and delivering new insights. We are developing a Climate Change Information Programme which will ensure we use current, high-quality, science as we plan to meet the challenges of climate change.

A 'low carbon economy' is one in which emissions are reduced as much as possible. In 2015/16, we updated the Regional Greenhouse Gas Inventory, which gives the community valuable information on what activities create most emissions. In June 2016 we hosted the Electric Vehicle Symposium, bringing together New Zealand and international experts to discuss the exciting future of low-emission electric buses and cars.

Find out more at [www.gw.govt.nz/climatechange](http://www.gw.govt.nz/climatechange)

## Measuring our performance

Level of service	Performance measure	Performance targets			Achieved / Not Achieved
		Baseline (2014)	2015/16 Target	2015/16 Actual	
Strengthen the long term resilience and sustainability of the Wellington region through climate change mitigation, adaptation, and awareness	A Climate Change Strategy Implementation Plan is developed and agreed	No baseline	Implementation Plan is completed that clearly outlines how activities in the Climate Change Strategy will be funded, implemented, measured, and evaluated	The Climate Change Strategy and Implementation Plan were both approved in October 2015	Achieved
	GWRC's corporate GHG emissions are measured and reported and a reduction in council emissions is demonstrated	No baseline	A greenhouse gas inventory is completed and baseline established	An inventory has been completed setting the baseline for future years	Achieved
	A policy of assessing the climate change implications of all council projects/proposals is implemented	No baseline	Policy developed and agreed by council and processes put in place to achieve policy	A policy has been developed and approved by the Executive Leadership Team.	Achieved

## Unplanned activity

Greater Wellington organised and hosted an Electric Vehicle (EV) Symposium in conjunction with Wellington City Council that demonstrated electric vehicles (including buses) are becoming increasingly feasible and have the potential to significantly reduce emissions across the private, commercial and public transport sectors.

We also established the Regional EV Working Group which operates as a coordinating mechanism with a range of stakeholders, promoting EVs and developing charging infrastructure.

## Corporate Sustainability

The table below details Greater Wellington's greenhouse gas emissions by source for the 2015/2016 financial year:

Source	kg of CO2e	% of Corporate	% of Total
Scope One Emissions: from sources owned or controlled by GWRC			
Back-up generators	280	0.03%	0.01%
Gas	6,939	0.62%	0.17%
Vehicle Fleet	459,746	40.82%	11.03%
Scope Two Emissions: from the generation of electricity purchased by GWRC			
Electricity	351,093	31.17%	8.43%
Scope Three Emissions: occur as a consequence of GWRC activities but from sources it does not own or control			
Gas Transmission & Distribution	805	0.07%	0.02%
Electricity Transmission & Distribution	28,749	2.55%	0.69%
Taxi (Business travel)	4,459	0.40%	0.11%
Rental (Business travel)	192	0.02%	0.01%
Air travel (Business travel)	93,375	8.29%	2.24%
Bus and train (Business Travel)	5,067	0.45%	0.12%
Employee commute	158,924	14.11%	3.81%
Waste to landfill	3,760	0.33%	0.09%
Recycling	12,964	1.15%	0.31%
*Bulk water fleet	183,476		4.40%
*Bulk water electricity	2,857,256		68.57%
Corporate Emissions	1,126,353	100%	
Total Emissions	4,167,085		100%

\*Note: Emissions under the domain of Wellington Water (now a CCO) are excluded from the Corporate Emissions category, but still included in Total calculations.

### ELECTRICITY

Almost 69% of GWRC's total emissions are attributed to the electricity used by Wellington Water in the collection and distribution of water to the four city councils within the region. About 8.5% of total emissions come from the electricity used to power over one hundred sites, including commercial offices, flood protection and environmental monitoring sites, bus stops and train stations.

### WASTE

Paper use, along with paper wastage and recycling rates, substantially decreased this year with the implementation of the new FollowMe printing system. GWRC continues its campaign to improve internal waste management systems and enable and encourage landfill waste minimisation, recycling and composting. Across its three main offices, GWRC diverts over twenty tonnes of recyclable and organic waste from landfill each year.

### TRANSPORT

GWRC corporate emissions are dominated by the fuel used to run its corporate vehicle fleet. This year, GWRC conducted a fleet analysis and has launched an Electric Vehicle initiative, working toward expanding charging infrastructure and converting the fleet to become fully electric as vehicles are replaced. Under its new 'electric vehicle first' policy, the council recently purchased its first Nissan Leaf electric vehicle and will be installing a charging station at Shed 39. Further electric vehicle advocacy is currently underway.

## Regional initiatives

Greater Wellington leads and partners with others on initiatives that will bring significant economic, social and environmental benefits to regional communities.

### The year in summary

A key project for the year has been to progress the Wairarapa Water Use Project, now known as Water Wairarapa. The project is looking at how we can enhance agricultural productivity through irrigation, while maintaining water quality and quantities. Ensuring we explore all possible water storage solutions and their benefits and impacts means that during the year we were out and about engaging extensively with the community and other stakeholders through meetings and interviews. We also provided updates through the project web site. Three months of drilling was conducted to establish dam foundation conditions and update construction costs and risks. We have signed a Memorandum of Understanding with territorial authorities in Wairarapa and we have also produced case study publications for the farming community looking at how farming production can change with the provision of irrigation water.

In February 2016, we celebrated that 10,000 homes in the region have taken part in the Warm Greater Wellington scheme, which provides financial assistance to ratepayers for home insulation. While we did not reach our annual target this year of 1,500 homes, the scheme continues to provide benefits to home owners across the region.

### Our key projects and programmes

What we said we would do	What we did
Wellington Region Spatial Plan	A project plan for spatial planning was developed and discussed by the Regional Chief Executives Group. Given the inclusion of Spatial Planning in the work of the Local Government Commission it was agreed to put further work on-hold until the outcome of that process is known. The Commission is now recommending that an initial regional stocktake is completed to inform decision-makers on the benefits of further work.

### Measuring our performance

Level of service	Performance measure	Performance targets			Achieved / Not Achieved
		Baseline (2014)	2015/16 Target	2015/16 Actual	
Work with partners to investigate options for water storage and water use such as irrigation in the Wairarapa valley (WWUP)	Progression of the WWUP as per the project plan	Options identification and refinement phases completed	Feasibility investigations 50% completed	Target met	Achieved
Provide funding assistance for home insulation through the Warm Greater Wellington scheme	Number of applications to join the Warm Greater Wellington scheme	1,376	1,500	1,014	Not Achieved

### No unplanned activity

## Emergency management

The Wellington Regional Emergency Management Office (WREMO) provides coordinated civil defence responses and works to build resilient communities, able to cope with and recover from emergencies in our region. WREMO was established by the nine local authorities in the region and is administered by Greater Wellington.

### The year in summary

WREMO had a demanding year in 2015/16. Along with a high business-as-usual workload, we were kept busy with monitoring and co-ordinating regional responses to storms, flooding, utility disruptions, and a distant source tsunami.

Wellington region led New Zealand with 40% public registration in the earthquake preparedness exercise, Shakeout 2015. Our promotion of 200-litre household water tanks has resulted in homes across the region having 1.64 million litres of additional emergency water supply, with 8,200 water tanks sold at the end of June 2016.

Residents and businesses can now sign up to emergency alerts with the introduction of the Red Cross Hazard App, which we worked with Red Cross to adapt to the New Zealand environment. We acquired this multi-million dollar product for no cost and have since made it available to the other 15 Civil Defence Emergency Management Groups throughout the country.

### Our key projects and programmes

What we said we would do	What we did
Develop a Pre-disaster Recovery Framework to proactively anticipate recovery issues and build capacity to improve recovery outcomes before a disaster occurs (multi-year project)	WREMO has been working with the Canterbury Earthquake Recovery Lessons Learned and Legacy programme as well as a number of leading international recovery experts to develop a framework for the Wellington region. A draft document "Strategic Recovery Plan" has been created and will be presented to the region's Civil Defence Emergency Management (CDEM) governance bodies, August 2016.
Develop an improved model for delivery of emergency response (multi-year project)	With the response model agreed by the Coordinating Executive Group, the focus has been on Emergency Operations Centre and Emergency Coordination Centre training for council staff. The current programme, which has been in operation for 18 months, incorporates the following key principles: modular, flexible, end-user focused and practical "hands on" for the benefit of participants. Feedback from programme participants to date has been most positive. Training for the past six months has been based on a tsunami scenario in preparation for Exercise Tangaroa, a national CDEM exercise planned for August/September 2016.



Rationalisation of Business As Usual (BAU) functions (multi-year project)	Initiatives included using Design Thinking and Appreciative Inquiry as the basis for rethinking our approach to traditional sector challenges, creating a more visual workplace, and the rationalisation of the regional VHF communications network. This last project (currently at Request for Proposals stage) will use modern technology to produce a \$300,000 (approx.) solution, when a like for like replacement might have cost \$2,000,000
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## Measuring our performance

Level of service	Performance measure	Performance targets			Achieved / Not Achieved
		Baseline (2014)	2015/16 Target	2015/16 Actual	
Work with the regional community to improve resilience to and preparedness for major emergency events	Percentage of households with emergency food and water to last three days? <sup>5</sup>	85%	82%	Not measured	N/A
	Does your household have enough provisions stored in case of emergency? <sup>6</sup>	No baseline	N/A	69%	N/A – new measure
	Do you know the first names of five neighbours on your street? <sup>7</sup>	No baseline	N/A	57%	N/A – new measure
	Annual activation test for each EOC	No baseline	100%	100%	Achieved
	Number of Community Response Plans completed <sup>8</sup>	10%	20%	61%	Achieved

## Unplanned activity

In December 2014, Wellington City Council joined the Rockefeller Foundation's 100 Resilient Cities programme and started to develop a Wellington Resilience Strategy. The draft Strategy recognises the need for coordination across the region's infrastructure networks to improve the resilience of the network and reduce the potential economic impacts to the region and country. In 2015/16, Greater Wellington agreed to coordinate the development of a regional programme business case across the critical utilities of water, power and transport networks.

This work is being undertaken in partnership with Wellington Water, Wellington Electricity, New Zealand Transport Agency, Wellington City Council and other councils in the region, and will continue into 2016/17.

WREMO and other Greater Wellington staff worked closely with Wellington City Council staff and partners on resilience building activities as part of 100 Resilient Cities. Further information can be found at <http://wellington.govt.nz/about-wellington/resilient-wellington>

<sup>5</sup> After several years using the same survey provider, a new company has been tasked with conducting the annual survey. This has seen a change in methodology (from fixed line phone to online) and some changes to questions.

<sup>6</sup> This is a new measure and therefore was not included in the Long Term Plan 2015-25.

<sup>7</sup> This is a new measure and therefore was not included in the Long Term Plan 2015-25.

<sup>8</sup> The total number of community response plans will fluctuate depending on community interest and preferences

## Democratic Services

Making sure the public can have a say in our decision making is crucial to an open democracy. Greater Wellington creates opportunities to be involved through our council and committee meetings, public submissions and community consultation. Every three years, local elections give ratepayers the opportunity to decide who will represent them on their regional council for the next term.

### The year in summary

2015/16 saw a number of changes to Greater Wellington’s governance arrangements. In July, the Council replaced the Strategy and Policy Committee with two new committees – Environment, and Sustainable Transport. Following the resignation of Cr Fran Wilde in March, the Council appointed Daran Ponter to fill the resulting vacancy. Following the death of Wairarapa Constituency Councillor Gary McPhee in June 2016, the Council decided not to fill the resulting vacancy.

### Measuring our performance

Level of service	Performance measure	Performance targets			Achieved / Not Achieved
		Baseline (2014)	2015/16 Target	2015/16 Actual	
Provide information to enable the public to be informed of, and participate in, Council and committee meetings	Percentage of time meeting agenda is available to the public at least two working days prior to each meeting	100%	100%	100%	Achieved
Provide statutory information in a timely manner	Percentage of logged official information requests for which a decision is made and communicated to the requestor within the prescribed statutory timeframes	No baseline	100%	97.5% <sup>9</sup>	Not achieved

### No unplanned activity

<sup>9</sup> Three responses were provided outside of the statutory deadlines due to process deficiencies. These issues have been addressed.

**REGIONAL LEADERSHIP  
FUNDING IMPACT STATEMENT  
FOR THE YEAR ENDING 30 JUNE 2016**

	2015/16 Actual	2015/16 Long Term Plan	2014/15 Long Term Plan	2014/15 Actual
	\$000s	\$000s	\$000s	\$000s
<b>Sources of operating funding</b>				
General rate	6,517	6,974	7,496	5,635
Targeted rates	6,739	8,065	8,545	6,585
Subsidies and grants for operating purposes	1,910	1,682	2,463	1,782
Fees, charges, and targeted rates for water supply	2	3	3	3
Fines, infringement fees, and other receipts <sup>1</sup>	3,451	1,813	5,130	3,356
<b>Total operating funding</b>	<b>18,619</b>	<b>18,537</b>	<b>23,637</b>	<b>17,361</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	(17,386)	(17,719)	(21,744)	(15,698)
Finance costs	(921)	(1,190)	(1,349)	(590)
Internal charges and overheads applied	(708)	(281)	(812)	(588)
<b>Total applications of operating funding</b>	<b>(19,015)</b>	<b>(19,190)</b>	<b>(23,905)</b>	<b>(16,876)</b>
<b>Surplus/(deficit) of operating funding</b>	<b>(396)</b>	<b>(653)</b>	<b>(268)</b>	<b>485</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	164	666	100
Increase / (decrease) in debt	1,598	2,721	(1,660)	236
Gross proceeds from asset sales	18	30	-	23
<b>Total sources of capital funding</b>	<b>1,616</b>	<b>2,915</b>	<b>(994)</b>	<b>359</b>
<b>Applications of capital funding</b>				
- to meet additional demand			(662)	(929)
- to improve the level of service			(326)	(118)
- to replace existing assets	(622)	(1,015)	(80)	(177)
(Increase) / decrease in investments <sup>2</sup>	(807)	(1,769)	2,211	562
(Increase) / decrease in reserves	209	522	119	(182)
<b>Total applications of capital funding</b>	<b>(1,220)</b>	<b>(2,262)</b>	<b>1,262</b>	<b>(844)</b>
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation on Regional Leadership assets</b>	<b>327</b>	<b>423</b>	<b>443</b>	<b>343</b>

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

<sup>2</sup> This includes the change in the Warm Greater Wellington programme balance.

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

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

All figures on this page exclude GST

**REGIONAL LEADERSHIP  
FUNDING IMPACT STATEMENT  
FOR THE YEAR ENDING 30 JUNE 2016**

	2015/16 Actual	2015/16 Long Term Plan	2014/15 Long Term Plan	2014/15 Actual
	\$000s	\$000s	\$000s	\$000s
<b>Operating funding</b>				
Wellington Regional Strategy	4,731	4,725	4,816	4,644
Emergency Management	2,970	2,919	4,638	2,879
Democratic Services	2,352	2,050	2,013	2,160
Relationships with Maori	905	905	922	862
Regional transport planning and programmes	3,241	3,136	2,930	3,004
Regional initiatives <sup>1</sup>	4,420	4,772	4,213	3,812
<b>Total operating funding *</b>	<b>18,619</b>	<b>18,507</b>	<b>19,532</b>	<b>17,361</b>
<b>Applications of operating funding</b>				
Wellington Regional Strategy	(4,848)	(4,711)	(4,816)	(4,546)
Emergency Management	(3,187)	(3,228)	(4,607)	(2,776)
Democratic Services	(2,035)	(1,948)	(2,826)	(1,859)
Relationships with Maori	(933)	(904)	(922)	(862)
Regional transport planning and programmes	(3,234)	(3,227)	(3,005)	(3,010)
Regional initiatives <sup>1</sup>	(4,778)	(5,142)	(4,162)	(3,823)
<b>Total applications of operating funding</b>	<b>(19,015)</b>	<b>(19,160)</b>	<b>(20,338)</b>	<b>(16,876)</b>
<b>Capital expenditure</b>				
Capital project expenditure	(7)	(910)	(988)	(1,157)
Land and buildings	-	-	-	-
Plant and equipment	(453)	(5)	(80)	-
Vehicles	(162)	(100)	-	(67)
<b>Total capital expenditure</b>	<b>(622)</b>	<b>(1,015)</b>	<b>(1,068)</b>	<b>(1,224)</b>

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

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

All figures on this page exclude GST

# Transforming how you travel

## Public transport - Ngā Waka Tūmatanui

*Community outcomes: Connected community, strong economy, healthy environment*

2015/16 saw us reach some great milestones in our work to transform Wellington region's public transport network into a world-class system that uses clean energy, works superbly for all passengers and reduces congestion on our roads.

Highlights of the year included:

- **Contracting with a new partner for rail operations.** Following a competitive procurement process, we selected Transdev Wellington to deliver rail operation and train maintenance services for the next 15 years. This performance-based contract will see a significant lift in service and save ratepayers \$100 million over the next 15 years.
- **Improving trains and infrastructure.** We completed significant upgrades to the Matangi 1 fleet (under budget), and received delivery of 28 out of 35 new Matangi 2 trains. Upper Hutt station was completely rebuilt, also on time and under budget, and we planned and funded 471 Park & Ride spaces across the region.
- **Improving bus reliability.** We achieved a 13% increase in reliability of bus services following timetable improvements in Newlands and Churton Park, and continued to provide new and revamped bus shelters across the region.

What does this mean for our customers?

- More people are using the bus and the train as convenient and affordable ways to get around.
- Just over 24.3 million passenger trips were made on trains, buses and ferries in 2015/16.
- Bus passenger numbers in Wellington City grew by nearly three percent, to 17 million; rail trips grew by six percent, from 12.1 million to 12.8 million.
- In our annual customer satisfaction survey, 93 percent of passengers were satisfied with their current trip in our annual customer satisfaction survey, and 89 percent would recommend Metlink to others.

### Creating a world-class service

New, performance-based contracts for rail and bus operations, a move to lower emission (and eventually fully electric) buses, smarter fare and ticketing systems, modernised stations and shelters, the move to a single brand – Metlink, making Public Transport easier to navigate, new routes and timetables to cater for growing demand over the next decade; these are all part of our transformation of public transport. With new trains, improved rail infrastructure and facilities, and a new rail operator appointed in 2015/16, the next focus is on transforming bus services across the region.

## Metlink public transport network planning

We make sure our bus, train, and ferry network works well, meets people's needs and provides value for money. Now the Transdev Wellington rail contract has been signed, we're preparing for new bus contracts, schedules and routes that will meet demand for the next five to ten years.

### The year in summary

In March 2016, Greater Wellington awarded Transdev Wellington the contract to operate and maintain the trains. Awarding of the contract and transitioning in the new operator required significant planning and procurement work.

Even more intensive planning is needed for the introduction of the new Wellington bus network in 2018, as this will include new timetables and schedules that will meet capacity for the next five to ten years. We are continuing to refine both our current and future bus services to ensure we are catering for changing and growing demand.

We are also developing communication material and tools to help people understand how they will be able to get around on the buses in future. We're doing long-term planning for things like how civil works might affect the Wellington network, along with making sure double-deckers have route clearance. Our public demonstrations of hybrid and double-decker buses proved highly popular.

In 2015/16 we started a review of school bus services, which we fund across the region.

#### **The future is not diesel**

Customers loved the comfort and the cool look, drivers loved the smooth ride, the bus company loved the cheaper fuel bill, and everyone loved the reduced transport emissions at our hybrid bus demonstration in January and February 2016.

Hybrid buses, a mix of diesel (or other fuels) and electricity, may be a step on the way to our journey toward being New Zealand's first region with a fully electric bus fleet.

Lowering emissions in all our operations is a key part of Greater Wellington's Climate Change Strategy, adopted in October 2015.

We are working with existing operators to introduce low emission buses to replace the trolley buses when they are retired and low emissions buses are incentivised in our tender for bus operators.

## Our key projects and programmes

What we said we would do	What we did
Review Metlink services in Kapiti in preparation for the opening of the MacKays to Peka Peka Expressway	A review of the Kapiti bus services was carried out from September 2015 to March 2016. A series of proposed changes, focussing on service reliability, went out for community feedback in June. The feedback period closed 29 July with recommended changes to be presented to GWRC's Sustainable Transport Committee in September for approval. The changes approved will be implemented in 2017 with planned rail timetable changes in 2018.
Undertake targeted reviews of some Metlink services in preparation for the introduction of the new public transport operating model contracts	Reviews of urban bus services have been completed and incorporated into the tender documentation for the new public transport operating model contracts. A school bus review has commenced.
Review reliability of Metlink service timetables for inclusion in new public transport operating model contracts	The review has been completed and has been incorporated into the tender documentation for the new public transport operating model contracts.
Improve Metlink bus service journey times on core routes by reviewing bus stop spacing and locations based on an analysis of service delays and passenger numbers	Work on stop spacing was undertaken as part of the Island Bay cycleway. This section of road forms part of the future north-south core bus route in Wellington City. Bus stop spacing is also being considered as part of the implementation of new bus stops and changes to existing bus stops for the new Wellington City bus network.

## Measuring our performance

Level of service	Performance measure	Performance targets			Achieved / Not Achieved
		Baseline (2014)	2015/16 Target	2015/16 Actual	
Maintain a current policy framework to manage the region's public transport	Regional Public Transport Plan is reviewed and adopted in accordance with the Land Transport Management Act 2003	RPTP (adopted in June 2014)	RPTP remains operative	Variation 1 to RPTP adopted in February 2016	Achieved
Increase public transport boardings per capita	Passenger boardings per capita	72.3	72.9	74.3	Achieved

## Unplanned activity

After local bus operators highlighted safety hazards around the Queens Drive bus stop in Lower Hutt, we undertook an external road engineering safety review and are working with Hutt City Council on implementing the outcomes from the study.

## Rail operations and asset management

Rail is the backbone of our public transport network. Greater Wellington funds the operator that provides rail services – from 3 July 2016, Transdev Wellington. Greater Wellington owns all the railway stations (except Wellington Railway Station), pedestrian overbridges and underpasses, and the electric trains and Wairarapa carriages.

### The year in summary

A successful year, with rail patronage growing by 700,000 passenger journeys to 12.8 million; a rigorous procurement process that resulted in Transdev Wellington winning the rail operations contract for the next 15 years; delivery of 28 out of 35 new Matangi 2 trains; and significant upgrades to our Matangi 1 fleet, under budget and with minimal disruption. These upgrades provide improvements in service flexibility and efficiency.

We completed a rebuild of Upper Hutt station ahead of time and under budget. The big growth in rail passenger journeys provided the revenue for us to provide 471 more Park & Ride spaces across the region: 94 in Upper Hutt, 40 in Trentham, 237 in Waikanae, and 100 in Porirua.

#### Befitting its station

Lofty the Train and Father Christmas were the star attractions at the opening of the all-new, modern Upper Hutt Railway Station in December 2015. An old and frankly down-at-heel building was transformed into an architecturally designed gateway to make the city proud. As well as being an attractive landmark, the new station offers top-notch security and facilities, including wifi, coffee and sheltered seating right around the building.

### Our key projects and programmes

What we said we would do	What we did
Maintain and improve rail assets, including trains and station buildings	Upper Hutt Station was completely rebuilt, ahead of schedule and under budget.
Procure and transition to new PTOM rail services and rolling stock maintenance contract	Transdev Wellington was selected as our partner which will save the Council \$100m over 15 years. The contract to be transitioned into full operation on the 3 <sup>rd</sup> of July 2017.
Park & Ride development	Delivered Park & Ride expansions at Petone, Paraparaumu and Porirua, and have commenced work on Park & Rides at Upper Hutt, Trentham and Waikanae.



## Measuring our performance

Level of service	Performance measure	Performance targets			Achieved / Not Achieved
		Baseline (2014)	2015/16 Target	2015/16 Actual	
Deliver rail services in accordance with the published timetable	Percentage of scheduled services delivered	99.2%	≥99.5%	99.8%	Achieved
	Percentage of scheduled services on-time to 5 minutes by line	Kapiti Line: 95.4%	≥95.0%	96.0%	Achieved
		Hutt line: 95.3%	≥95.0%	96.4%	Achieved
		Johnsonville line: 93.3%	≥95.0%	95.7%	Achieved
		Wairarapa line: 74.5%	≥85.0%	77.8% <sup>10</sup>	Not achieved
Maintain and improve rail rolling stock, stations, subways, over-bridges and car parks in accordance with rail asset management plans	Average condition rating <sup>11</sup>	Rolling stock – EMU fleet	≤2.5		Achieved
		Matangi 1.0		1.0	
		Ganz 3.7		Retired	
		Rolling stock – Carriage fleet : SW 2.2	≤2.5	2.2	Achieved
		Stations (buildings & shelters): 2.6	≤2.5	2.2	Achieved
		Subways / over-bridges: 2.4	≤2.5	2.4	Achieved
Customer satisfaction with passenger rail services	Percentage of rail users who are satisfied with their trip overall <sup>12</sup>	Carparks: 2.0	≤2.5	2.3	Achieved
		89.7%	≥90.0%	93%	Achieved

## Unplanned activity

We funded 471 more Park & Ride spaces across the region to meet the increased demand from passengers, as the number of rail trips in 2015/16 increased by 700,000.

<sup>10</sup> There were challenges with network speed restrictions, and timetable constraints during the year. Options to address these issues are being worked through.

<sup>11</sup> 1 = very good and 5 = very poor

<sup>12</sup> Satisfied = score of 6-10 on a scale of 0-10

## Bus and Ferry Operations and Asset Management

Preparing to tender new bus operating contracts, working towards the new Wellington bus network in 2018, ensuring the current bus and ferry network runs well for all passengers and building and enhancing bus stops and shelters have all been a focus in 2015/16.

### The Year in Summary

The buses of the future were on display at our demonstrations of hybrid and double decker buses in Wellington in January and February 2016. As part of our drive towards sustainable transport, in this case linking with a conventional mode, we are also planning to bring bus bike racks into service and will be trialling them during 2016.

We worked closely with Wellington City Council throughout the year on planning for the Wellington network, which will be introduced in 2018, with new customer focused bus contracts, and new routes and timetables that will meet Wellington City's needs for the next decade. During the year, extra services we provided included buses taking people to the ANZAC Day dawn service at Pukeahou Memorial Park.

In 2015/16, we installed 16 new bus shelters, renewed nine and took creative measures to tackle graffiti on bus shelters.

#### Graffiti busting bus shelters beckon

A pleasant trip on the bus starts before you board, from access to useful information through to providing inviting bus shelters. Graffiti can spoil the wait, so working with Porirua City Council we took an innovative approach to replacing old bus shelters using glass laminates to which the local community could better relate. The first of two shelters to be built included sketches of successful New Zealand male rugby players that had played for the Norths Rugby Club. One of these players included the late Jerry Collins. The second shelter to be built included sketches of successful female rugby players, also from the Porirua area. Since the new bus shelters and the glass laminates have gone in, we have seen a reduction in graffiti at this bus stop. The immediate area has also become more pleasant for customers waiting for their bus.

What we said we would do	What we did
Procure and transition to new PTOM bus and ferry contracts	Developed Procurement Strategy for bus services and prepared tender documents for a Request for Tender to be issued to local and international bus operators in August 2016.
Plan and implement the new Wellington City bus network	Continued refinement of future bus services to be delivered as part of the new Wellington bus network in 2018, in response to customer feedback and changing and growing demand across the city.  The process of consulting on new bus stop locations and changes to some existing bus stops has commenced with the first batch of associated traffic resolutions approved by Wellington City Council in June 2016. Detailed planning of minor civil works required for the new network has commenced with Wellington City Council. Work is expected to begin in September 2016. Survey and development of a vegetation control plan for roads that double decker buses will travel along is underway.

What we said we would do	What we did
Maintain and improve bus assets, including bus shelters, signage, interchanges and other fixed assets	<p>Installed 16 new bus shelters</p> <p>Renewed nine existing bus shelters</p> <p>Installed eight new information totems</p> <p>Continued weekly cleaning and maintenance regime</p> <p>Artwork laminates on bus shelters at Lyttleton Ave in Porirua to reduce graffiti (All Blacks, Black Ferns)</p> <p>Installed 490 new Metlink signs</p> <p>Upgraded Manners St bus shelter with laminates (Metlink branded)</p> <p>Upgraded Upper Hutt bus shelters with fantail design laminates</p>
Continue development of procurement and transition plan for the introduction of high capacity diesel-electric hybrid buses	<p>Engaged with the bus industry to encourage the introduction of low emission buses, including hybrid and double-decker buses. Facilitated a demonstration of a double decker urban bus and a short trial of a diesel-electric hybrid bus. Included a methodology for incentivising low emission buses in the forthcoming tender for bus services.</p> <p>Planning for the retirement of the trolley buses in 2017 with a modern low emission bus fleet.</p>
Complete renewal of Porirua Station Road bus interchange	We investigated an infrastructure upgrade to the Porirua Bus Shelter on Station Road however given the extent of the upgrade required, there was inadequate funding to proceed during 2015/16. An integrated asset management strategy for bus and rail interchanges will be developed in 2016/17, which will include options for the Porirua Station Road Bus Shelter.
Prepare and agree the business case for Bus Rapid Transit in Wellington	An indicative Business Case was completed and this project has now been integrated into "Let's Get Wellington Moving".

## Measuring our performance

Level of service	Performance measure	Performance targets			Achieved / Not Achieved
		Baseline (2014)	2015/16 Target	2015/16 Actual	
Deliver bus and ferry services in accordance with the published timetable	Percentage of scheduled services delivered (reliability)	99.1%	≥99%	99.3%	Achieved
	Percentage of scheduled services on-time to 10 minutes (punctuality)	99.7%	≥98%	99.7%	Achieved
Maintain and improve bus stop facilities and interchanges	Average condition score of all bus shelters maintained by GWRC <sup>13</sup>	2.6	Improvement on baseline	2.63	Achieved
Customer satisfaction with passenger bus services	Percentage of bus users who are satisfied with their trip overall <sup>14</sup>	91.8%	≥90%	94.0%	Achieved

## No unplanned activity

<sup>13</sup> 1 = very good and 5 = very poor

<sup>14</sup> Satisfied = score of 6-10 on a scale of 0-10

## Metlink fares and ticketing, and customer services and information

Improving the availability and quality of Metlink public transport customer services and information has been a real focus in 2015/16, with investments in our Customer Contact Centre and a new Metlink website. We're working toward a fully integrated fare and ticketing system for all Metlink trains, buses and ferries; this will bring big advantages to passengers, but is some way off as we need to fit in with national plans for electronic ticketing.

### The year in summary

We've been closely involved with New Zealand Transport Agency and other regional councils in developing a national roadmap for integrated ticketing. This involves Auckland continuing to develop its card-based AT Hop system, while Greater Wellington and other regions look to procure a parallel 'next generation' system. We are working in the meantime to have a single electronic ticketing system on all buses for the commencement of new bus contracts and the new Wellington City bus network in 2018.

Our customers are getting faster responses to their enquiries, thanks to more staff at busy periods; better phone and contact management systems and longer weekday operating hours. Our new Metlink website puts real time transport information at passengers' fingertips and was further enhanced in June to provide centralised messaging for rail service disruptions and enable online purchase of monthly passes.

[www.metlink.org.nz](http://www.metlink.org.nz)

The new responsive Metlink website launched in early October and we added train alert messaging and monthly online pass purchases. We now send out text and email alerts, post on Twitter and add delays to the website. Over 14,000 people receive our messages. Customer research has shown the website is the main source of public transport information for customers and the statistics reflect this. Since October 2015 we have had:

- 1.25 million visitors
- 5 million visits
- almost 15 million page views
- 7 million timetable views
- 1.5 million trips around the regional searched via the journey planner

to

### Our key projects and programmes

What we said we would do	What we did
Integrated fares and ticketing	<ul style="list-style-type: none"> <li>• Developed a framework that will guide the transition of fares products. Implementation on rail has commenced</li> <li>• Developed a pathway for fully integrated ticketing via a national consortium</li> <li>• Initiated a project to work with Snapper to look at ways we could extend the Snapper system to all buses by the time the new bus network is introduced in 2018.</li> </ul>
Ongoing review and enhancement of customer information systems	<ul style="list-style-type: none"> <li>• Introduction of a new Metlink website which is accessible on PC and mobile devices provided improved usability and more services online</li> <li>• Integrated all rail, bus and ferry information onto a single Metlink website</li> <li>• Introduced systems in the GWRC Customer Contact Centre which have improved customer response times.</li> </ul>

## Measuring our performance

Level of service	Performance measure	Performance targets			Achieved / Not Achieved
		Baseline (2014)	2015/16 Target	2015/16 Actual	
Provide Metlink public transport service information to the public	Percentage of users who are satisfied with the service they receive accessing Metlink public transport information via a call centre, web and mobile sites, and real time information <sup>15</sup>	Call centre: 73.3%	Increase on baseline	Not measured <sup>16</sup>	N/A – Not measured
		Web and mobile sites: 78.3%	Increase on baseline		
		Real time information: 78.0%	Increase on baseline		

## No unplanned activity

<sup>15</sup> Satisfied = score of 6-10 on a scale of 0-10

<sup>16</sup> Individual results against the three criteria are not available as the 2015/16 survey did not include questions relating to the different ways of accessing Metlink information. The measure used in the survey was: percentage of users satisfied with currently available information about public transport services. The result was 88.5%.

FINAL DRAFT

## Total mobility

Greater Wellington supports people to get around easily and affordably by subsidising taxis for people with disabilities that prevent them using public transport.

### The year in summary

271,850 taxi trips were provided through Total Mobility in 2015/16, through 11 approved taxi and private hire operators across the region. In our June 2016 Customer Service Satisfaction Survey, 96 percent of customers gave an overall positive rating, with safety/security and quality/comfort each getting 98 percent.

Total Mobility funded four additional wheelchair hoists, bringing the total number of cars in the Total Mobility fleet with a wheelchair hoist to 42.

### Measuring our performance

Level of service	Performance measure	Performance targets			Achieved / Not Achieved
		Baseline (2014)	2015/16 Target	2015/16 Actual	
Provide a subsidised taxi service for those members of the public unable to use buses or trains	Percentage of users who are satisfied with the overall service of the scheme <sup>17</sup>	96%	≥97%	96% <sup>18</sup>	Not achieved

### No unplanned activity

<sup>17</sup> Satisfied = score of 6-10 on a scale of 0-10

<sup>18</sup> The overall result is reflective of the limited availability of wheelchair accessible vehicles across the region, particularly during 'school-run' times and evenings. We are in the process of developing our procurement strategy to help address this and will engage with key stakeholders to help inform procurement planning and support service development.

**PUBLIC TRANSPORT  
FUNDING IMPACT STATEMENT  
FOR THE YEAR ENDING 30 JUNE 2016**

	2015/16 Actual	2015/16 Long Term Plan	2014/15 Long Term Plan	2014/15 Actual
	\$000s	\$000s	\$000s	\$000s
<b>Sources of operating funding</b>				
General rate	-	-	-	-
Targeted rates	54,940	54,940	62,346	50,864
Subsidies and grants for operating purposes	63,110	75,436	74,950	58,308
Fees, charges, and targeted rates for water supply	18	-	-	17
Fines, infringement fees, and other receipts <sup>1</sup>	2,180	2,202	2,261	3,355
<b>Total operating funding</b>	<b>120,248</b>	<b>132,578</b>	<b>139,557</b>	<b>112,544</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	(109,022)	(109,656)	(221,181)	(101,839)
Finance costs	(10,063)	(10,835)	(11,796)	(5,396)
Internal charges and overheads applied	(3,514)	(3,514)	(3,928)	(3,783)
<b>Total applications of operating funding</b>	<b>(122,599)</b>	<b>(124,005)</b>	<b>(236,905)</b>	<b>(111,018)</b>
<b>Surplus/(deficit) of operating funding</b>	<b>(2,351)</b>	<b>8,573</b>	<b>(97,348)</b>	<b>1,526</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	13,071	4,774	9,042	7,813
Increase / (decrease) in debt	114,187	128,995	106,358	18,361
Gross proceeds from asset sales	-	10	-	-
<b>Total sources of capital funding</b>	<b>127,258</b>	<b>133,779</b>	<b>115,400</b>	<b>26,174</b>
<b>Applications of capital funding</b>				
- to meet additional demand	(2,504)	(2,720)	-	-
- to improve the level of service	(793)	(2,809)	(17,660)	(4,412)
- to replace existing assets	(1,054)	(1,181)	(373)	(871)
(Increase) / decrease in investments <sup>2</sup>	(109,827)	(139,623)	-	(24,405)
(Increase) / decrease in reserves	(10,728)	3,981	(19)	1,988
<b>Total applications of capital funding</b>	<b>(124,907)</b>	<b>(142,352)</b>	<b>(18,052)</b>	<b>(27,700)</b>
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation on Public Transport assets</b>	<b>1,162</b>	<b>1,479</b>	<b>1,620</b>	<b>1,010</b>

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

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

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

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

All figures on this page exclude GST

**PUBLIC TRANSPORT  
FUNDING IMPACT STATEMENT  
FOR THE YEAR ENDING 30 JUNE 2016**

	2015/16 Actual	2015/16 Long Term Plan	2014/15 Long Term Plan	2014/15 Actual
	\$000s	\$000s	\$000s	\$000s
<b>Operating funding</b>				
Mellink public transport network planning	1,786	2,649	1,239	2,596
Rail operations and asset management	58,653	68,980	69,886	54,670
Bus and ferry operations and asset management	53,182	54,307	57,973	48,746
Mellink customer services and information	3,825	3,853	7,479	3,772
Total mobility	2,802	2,789	2,980	2,760
<b>Total operating funding</b>	<b>120,248</b>	<b>132,578</b>	<b>139,557</b>	<b>112,544</b>
<b>Applications of operating funding</b>				
Mellink public transport network planning	(2,515)	(2,929)	(1,239)	(2,640)
Rail operations and asset management	(59,518)	(58,322)	(62,379)	(46,632)
Bus and ferry operations and asset management	(53,684)	(54,602)	(54,574)	(51,417)
Mellink customer services and information	(3,287)	(3,412)	(6,530)	(3,324)
Total mobility	(2,811)	(2,777)	(2,957)	(2,725)
<b>Total applications of operating funding (excluding improvements)</b>	<b>(121,815)</b>	<b>(122,042)</b>	<b>(127,679)</b>	<b>(106,738)</b>
<b>Improvement Expenditure</b>				
Rail operations and asset management	-	-	(106,632)	-
Bus and ferry operations and asset management	(784)	(1,963)	(2,594)	(4,280)
<b>Total improvement expenditure</b>	<b>(784)</b>	<b>(1,963)</b>	<b>(109,226)</b>	<b>(4,280)</b>
<b>Total applications of operating funding (including improvements)</b>	<b>(122,599)</b>	<b>(124,005)</b>	<b>(236,905)</b>	<b>(111,018)</b>
<b>Net surplus/(deficit) of operating funding</b>	<b>(2,351)</b>	<b>8,573</b>	<b>(97,348)</b>	<b>1,526</b>
<b>Investment in Greater Wellington Rail Ltd<sup>1</sup></b>				
Rail operations and asset management	(109,827)	(139,623)	-	(24,405)
<b>Capital project expenditure</b>				
New public transport shelters, signage, pedestrian facilities and systems	(907)	(6,671)	(18,033)	(2,214)
Land and buildings	(612)	-	-	(3,069)
Plant and equipment	(2,833)	-	-	-
Vehicles	-	(40)	-	-
<b>Total capital expenditure</b>	<b>(4,352)</b>	<b>(6,711)</b>	<b>(18,033)</b>	<b>(5,283)</b>
<b>Total investment in Public transport Infrastructure</b>	<b>(114,963)</b>	<b>(148,297)</b>	<b>(127,259)</b>	<b>(33,968)</b>

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

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

All figures on this page exclude GST



## Water supply - Ngā Puna Wai

Future proofing the region’s water supply for the immediate future and for generations to come drives the work programme for Wellington Water. Greater Wellington owns and manages around \$815 million worth of water supply assets.

Our water supply system must be robust and ensure sufficient drinking-water is available now and in the future. We must also be able to cope with emergencies and the long-term impacts of climate change.

**Community outcomes: Strong economy, resilient community, healthy environment**

Through the regional water management company Wellington Water Ltd, a key focus for the year has been preparing a water supply resilience programme business case. This project has taken a holistic view of the potable water network including assets owned by Greater Wellington and the region’s city councils. Water supply resilience levels of service were developed for the period following a significant seismic event, and these were endorsed by **Greater Wellington and all city councils (Upper Hutt, Hutt, Porirua and Wellington)**. **The programme business case will provide justification for future investment in a broad range of interventions to improve network resilience.**

Wellington Water Ltd achieved a strong result against key operational performance targets, and physical construction was completed for all planned capital projects.

### Our key projects and programmes

What we said we would do	What we did
Complete the preliminary design of the Cross Harbour Pipeline	The Cross Harbour Pipeline project was included in the LTP to improve resilience of the bulk water network by providing an alternative supply of water to Wellington City. Investigation work has progressed on alternative and complementary options through the Water Supply Resilience Programme Business Case mentioned above. Completing the preliminary design of the Cross Harbour Pipeline is subject to confirmation the project aligns with broader initiatives in the Programme Business Case.
Complete the Cathodic protection of the Kaitoke pipeline near Silverstream	Cathodic Protection (CP) is an asset management initiative that extends the life of our steel pipelines. This reduces costs in the long term by deferring the need for costly renewals. A new CP system at Silverstream is part of the CP programme identified in the LTP. Work progressed on the programme, however construction at Silverstream was moved to 2016/17 to allow completion of design work, property owner permission and consents to be granted. Physical work was tendered and construction is scheduled to commence in October 2016. The timing of construction is aimed at minimising disruption to users of an affected sports ground.
Refurbish Haywards pump station electrical equipment	Haywards pump station provides a key resilience function by boosting supplies of water from Te Marua Water Treatment Plant to Wellington when other sources have limited capacity. This was a major renewal project to replace motors that were no longer operational and modernise the control system equipment. The project was completed successfully and the pump station was returned to its rated capacity.

## Measuring our performance

Level of service	Performance measure	Performance targets			Achieved / Not Achieved	
		Baseline (2014)	2015/16 Target	2015/16 Actual		
Provide water that is safe and pleasant to drink	Number of waterborne disease outbreaks	0	0	0	Achieved	
	Number of taste complaint events related to the bulk water supply	1	<5	1	Achieved	
	High level of customer satisfaction – complains from TAs on:	Drinking water clarity <sup>19</sup>	<5	<5	0	Achieved
		Drinking water odour <sup>20</sup> - 0	<5	<5	0	Achieved
		Drinking water pressure or flow <sup>21</sup> - 1	<5	<5	0	Achieved
	Percentage compliance with the DWSNZ 2005.	Aesthetic and Microbiological compliance <sup>22</sup> - 100%	100%	100%	99.8%	Not achieved <sup>23</sup>
		Chemical compliance <sup>24</sup> - 100%	100%	100%	100%	Achieved
	Maintain grading from Ministry of Health for the local water supply distribution	Te Marua, Wainuiomata and Gear Island treatment plans: A1	Maintain current grading	Maintain current grading	Grading maintained	Achieved
		Waterloo treatment plant: B	Maintain current grading	Maintain current grading	Grading maintained	Achieved
		Distribution system: A1	Maintain current grading	Maintain current grading	Grading maintained	Achieved

<sup>19</sup> Non-Financial Performance Measure Rules 2013 measure 4(a)

<sup>20</sup> Non-Financial Performance Measure Rules 2013 measure 4(b)

<sup>21</sup> Non-Financial Performance Measure Rules 2013 measure 4(c)

<sup>22</sup> Non-Financial Performance Measure Rules 2013 measure 1(a)

<sup>23</sup> 99.6% of samples complied with aesthetic guideline values. This was an extremely good result, but did not meet the high target of 100%. An investigation was completed and minor sampling improvements have been implemented.

<sup>24</sup> Non-Financial Performance Measure Rules 2013 measure 1(b)

Level of service	Performance measure	Performance targets			Achieved / Not Achieved
		Baseline (2014)	2015/16 Target	2015/16 Actual	
Bulk water supply is continuous and secure	Number of shut-offs of the wholesale water supply network resulting in loss of water or pressure to consumers	0	0	1	Not achieved
	Improve the resilience of the bulk water supply to catastrophic events such as earthquakes by implementing the methodology for assessing improvements to the resilience	Asset Management Plan & Annual Works Programme in place	Plan for an resilience improvements	Completed all planned network resilience improvements (Korokoro and Ngauranga seismic couplings)	Achieved
	Sufficient water is available to meet unrestricted demand <sup>25</sup>	Modelled probability of annual water supply shortfall – 0.4%	≤2%	0.4%	Achieved
	Attendance for urgent call-outs <sup>26</sup>	Time from local authority receiving notification to service personnel reaching site <sup>27</sup> - No baseline	60 minutes	N/A – no events	N/A – new measure
		Time from local authority receiving notification to service personnel confirming resolution <sup>28</sup> - No baseline	4 hours	N/A – no events	N/A – new measure
	Attendance for non-urgent call-outs <sup>29</sup>	Time from local authority receiving notification to service personnel reaching site <sup>30</sup> - No baseline	36 hours	30 minutes	N/A – new measure
		Time from local authority receiving notification to service personnel confirming resolution <sup>31</sup> - No baseline	15 days	31 minutes	N/A – new measure
	Drinking water consumption <sup>32</sup>	Average consumption of drinking water per day per resident (L/p/d) <sup>33</sup> within the TA District <sup>34</sup> - No baseline	Less than 374 L/p/d	365 L/p/d	N/A – new measure
Environmental Impact of Bulk Water activities is minimised	Achieve full compliance with all resource consents and environmental regulations	Full compliance	Full compliance	Not fully compliant <sup>35</sup>	Not achieved

## No unplanned activity

<sup>25</sup> Other than by routine hosing restrictions and drought situations with a severity greater than 1 in 50 years

<sup>26</sup> This is a new internal measure, not included in the Long Term Plan 2015-25.

<sup>27</sup> Non-Financial Performance Measures Rules 2013 measure 3(a)

<sup>28</sup> Non-Financial Performance Measures Rules 2013 measure 3(b)

<sup>29</sup> This is a new internal measure, not included in the Long Term Plan 2015-25.

<sup>30</sup> Non-Financial Performance Measures Rules 2013 measure 3(c)

<sup>31</sup> Non-Financial Performance Measures Rules 2013 measure 3(d)

<sup>32</sup> This is a new internal measure, not included in the Long Term Plan 2015-25.

<sup>33</sup> L/p/d = Litres per day

<sup>34</sup> Non-Financial Performance Measures Rules 2013 measure 5

<sup>35</sup> We are compliant with resource consents, however we are non-compliant with requirements of the HSNO Act for 11 plastic chemical storage tanks at our Water Treatment Plants. An investigation has been completed and funding allocated for design and implementation of remedial works over the next two years. WorkSafe are satisfied the risks are being managed proactively.

**WATER SUPPLY  
FUNDING IMPACT STATEMENT  
FOR THE YEAR ENDING 30 JUNE 2016**

	2015/16 Actual	2015/16 Long Term Plan	2014/15 Long Term Plan	2014/15 Actual
	\$000s	\$000s	\$000s	\$000s
<b>Sources of operating funding</b>				
General rate	-		-	-
Targeted rates	-		-	-
Subsidies and grants for operating purposes	-		-	-
Fees, charges, and targeted rates for water supply	-		-	-
Fines, infringement fees, and other receipts <sup>1</sup>	29,074	28,901	29,193	28,095
<b>Total operating funding</b>	<b>29,074</b>	<b>28,901</b>	<b>29,193</b>	<b>28,095</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	(20,086)	(18,461)	(18,783)	(19,721)
Finance costs	(4,157)	(4,198)	(4,736)	(3,741)
Internal charges and overheads applied	(1,297)	(1,297)	(1,645)	(1,616)
<b>Total applications of operating funding</b>	<b>(25,540)</b>	<b>(23,956)</b>	<b>(25,164)</b>	<b>(25,078)</b>
<b>Surplus/(deficit) of operating funding</b>	<b>3,534</b>	<b>4,945</b>	<b>4,029</b>	<b>3,017</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-		-	-
Increase / (decrease) in debt	3,057	2,816	2,644	5,731
Gross proceeds from asset sales	3		79	1,045
<b>Total sources of capital funding</b>	<b>3,060</b>	<b>2,816</b>	<b>2,723</b>	<b>6,776</b>
<b>Applications of capital funding</b>				
- to meet additional demand	-	-	-	(225)
- to improve the level of service	13	(2,268)	(2,407)	(4,917)
- to replace existing assets	(4,137)	(3,137)	(3,006)	(2,041)
(Increase) / decrease in investments	(2,724)	(2,611)	(1,339)	(2,508)
(Increase) / decrease in reserves	254	255	-	(102)
<b>Total applications of capital funding</b>	<b>(6,594)</b>	<b>(7,761)</b>	<b>(6,752)</b>	<b>(9,793)</b>
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Bulk Water Levy <sup>1</sup></b>	<b>27,604</b>	<b>27,600</b>	<b>26,919</b>	<b>26,276</b>
<b>Depreciation on Water assets</b>	<b>10,867</b>	<b>11,369</b>	<b>9,274</b>	<b>11,507</b>

<sup>1</sup> This includes revenue from the bulk water supply levy charged to the Wellington, Upper Hutt, Porirua and Lower Hutt City councils

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

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

All figures on this page exclude GST

**WATER SUPPLY  
FUNDING IMPACT STATEMENT  
FOR THE YEAR ENDING 30 JUNE 2016**

	2015/16 Actual	2015/16 Long Term Plan	2014/15 Long Term Plan	2014/15 Actual
	\$000s	\$000s	\$000s	\$000s
<b>Operating funding</b>				
Water Supply	29,074	28,901	29,193	28,095
<b>Total operating funding</b>	<b>29,074</b>	<b>28,901</b>	<b>29,193</b>	<b>28,095</b>
<b>Applications of operating funding</b>				
Water Supply	(24,464)	(23,956)	(25,164)	(25,078)
<b>Total applications of operating funding</b>	<b>(24,464)</b>	<b>(23,956)</b>	<b>(25,164)</b>	<b>(25,078)</b>
<b>Capital expenditure</b>				
Water sources	(16)	(50)	-	(274)
Water treatment plants	(913)	(1,320)	(814)	(621)
Pipelines	(1,838)	(668)	(501)	(1,725)
Pump stations	(195)	(493)	(692)	(388)
Reservoirs	-	-	(160)	(225)
Monitoring and control	(650)	(560)	(293)	(907)
Seismic protection	(398)	-	(852)	(2,644)
Energy	-	-	-	-
Other	(105)	(2,259)	(1,751)	(96)
Land and buildings	-	-	-	-
Plant and equipment	(6)	(55)	(86)	(50)
Vehicles	(3)	-	(264)	(253)
<b>Total capital expenditure</b>	<b>(4,124)</b>	<b>(5,405)</b>	<b>(5,413)</b>	<b>(7,183)</b>

s and interest income

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

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

All figures on this page exclude GST

## *Caring for our natural capital*

### Environment - Te Taiao

*Community outcomes: Healthy environment, strong economy, engaged community*

Clean air, clean water, safe harbours and forests sheltering native birds and wildlife – we can take none of these things for granted.

Maintaining, enhancing and protecting our environment requires a focus on sustainable land use, biodiversity, pest control, pollution prevention and careful use of resources.

Greater Wellington works with landowners and communities to: encourage biodiversity and restore ecosystems that have been damaged by pollution and overuse; develop the regional policies and plans that ensure sustainable use of our natural resources; assess and monitor resource consents; fight pest plants and animals; manage ecologically important sites; and provide navigational and response services for our harbours.

Highlights of 2015/16 included:

- Creating the Collaborative Modelling forum, bringing together independent specialists in hydrology, chemistry, social science, economics and matauranga Maori to assess the state of the Ruamahanga River and test ideas about its future management.
- Collaborative Modelling supports the work of the Ruamahanga Whaitua, a community-based committee focused on the catchment's current and future health. We had extensive community engagement through the Ruamahanga Whaitua in 2015/16, learning what people value most about the river and what is most important to protect.
- Completing remediation of a contaminated site beneath two homes in Karori, Wellington; the site was used as a landfill in the 1930s, and testing in 2013 showed unacceptably high levels of arsenic and lead.
- Completing and sending out for public feedback (to 190,000 households) the proposed Natural Resources Plan for Wellington region, setting out how we'll work with landowners and communities to manage our natural resources.

#### **Warning of unwelcome algae**

Toxic algae is a major concern for river and stream users, and over the past decade we've done intensive research into its causes and risks. We know, for example, that dry conditions encourage toxic algae growth; and in 2015/16, rainfall from December to April was near half the average, or even less, in most places. We ran an information campaign to warn and educate families on how to recognise and avoid toxic algae, and provided real-time warnings on waterways with high toxic algae levels. In 2015/16 we also synthesised a decade's worth of research into a resource for local authorities and communities.

## Resource management

Resource management planning future proofs our region's natural capital by developing the plans, rules and support that will ensure sustainable use of our many physical and natural resources. We assess all applications under the Resource Management Act for activities that will have an impact on our natural resources – such as discharging into or taking water from a river. We monitor air and water quality, ensure people are meeting the requirements of their resource consent, and respond to pollution incidents.

### The year in summary

Submissions have been provided on district plan changes and notified resource consents, supporting the direction provided in the Regional Policy Statement. A working draft of the Regional Natural Hazards Management Strategy was consulted on with key stakeholders in June. We are working to align the aims and objectives of this project with related central and local government initiatives such as the Rockefeller funded '100 Resilient Cities' programme being coordinated by Wellington City Council.

During the year, we:

- approved the proposed Natural Resources Plan for public consultation
- processed 646 resource consents
- assessed 946 consents for compliance
- responded to 1332 notifications of environmental incidents
- issued 27 abatement notices
- issued 17 infringement notices
- took more than 100 proactive actions (such as a Take Charge audit or Advisory Notice) in the first six months of 2016.

## Measuring our performance

Level of service	Performance measure	Performance targets			Achieved / Not Achieved
		Baseline (2014)	2015/16 Target	2015/16 Actual	
Provide an up-to-date policy framework to manage the region's natural and physical resources	Regional Policy Statement is maintained and operative	Regional Policy Statement is operative	Identified changes are adopted	No changes identified	Achieved
	Regional plans are reviewed and adopted	Draft Natural Resources Plan available September 2014	Proposed Natural Resources Plan is made public	Proposed Natural Resources Plan publicly notified on 31 July 2015	Achieved
	Whaitua Committees are implemented	Ruamahanga & Porirua Committees established	Ruamahanga & Porirua Committees operational	Ruamahanga & Porirua Committees are both operational	Achieved
	Develop Regional Natural Hazards Management Strategy	Strategy development work commenced	Draft Strategy released for public comment	Due for public release October 2016. Working draft released for stakeholder workshops 27/05/16	Not Achieved
Process resource consents in a timely manner	Percentage of resource consents processed within 20 working days <sup>36</sup>	100%	100%	100%	Achieved
Monitor and enforce compliance with regional plans and resource consents	Percentage of significant & environmental non-compliance that is reported within one month (including what follow measures are being undertaken)	100%	100%	75.6% <sup>37</sup>	Not Achieved
	Percentage of reported environmental incidents that are responded to, investigated and enforcement actions completed within statutory timeframes	100%	100%	99.75% <sup>38</sup>	Not Achieved
Provide timely, appropriate and accessible information on regional catchment state trends	Percentage of data collected that is made available within agreed timelines <sup>39</sup>	90%	90%	99%	Achieved
	Number of reports downloaded <sup>40</sup>	New measure	Establish baseline	954 page views	N/A – new measure
	Stakeholder satisfaction with the quality and usability of the reports provided	No baseline	Establish baseline	Baseline not established due to lack of responses to survey	Not Achieved

## No unplanned activity

<sup>36</sup> This measure relates to non-notified consents only, as notified consents cannot be processed within 20 days. Some consents can be processed in greater than 20 working days if a s37 agreement under the RMA is in place.

<sup>37</sup> Changes in our compliance system through transition to our Strategic Compliance Programme, resulted in changes to monitoring and reporting schedules.

<sup>38</sup> Three incident investigations not closed off within four month timeframe. No adverse impact on options for enforcement action in each case.

<sup>39</sup> Different methodology is now applied to this measure given changes in how we manage our data. This is measured as the number of "missing records" (telemetered data) as a percentage of total records.

<sup>40</sup> This measure reflects the number of page views of our annual monitoring reports webpage.



## Land management

Greater Wellington works with the farming sector to manage the impacts of farming on the environment. Soil erosion, soil health and water quality are all affected by the way farmers use their land. We also work with farmers to help protect their soil from rain and storm damage.

### The year in summary

In 2015/16 we expanded the Farm Environment Plan programme (already in Mangatarere catchment) into the Parkvale, Wairarapa Moana and Porirua Harbour catchments.

In December, we signed a four-year contract with the Ministry for Primary Industries for the Wellington Region Erosion Control Initiative, and we developed a programme to implement the rules and methods in the proposed Natural Resources Plan. This programme will focus on protecting significant wetlands and managing stock access to waterways.

#### Saving our hills from erosion

Around one-fifth of the land in our region is susceptible to erosion, which can threaten farming, increase flood risk and harm water quality. In 2015/16, we signed a four-year contract with the Ministry for Primary Industries for WRECI – Wellington Region Erosion Control Initiative – with a focus on erosion-prone land in the Ruamahanga Whaitua. Over the year we planted 507 hectares of erosion-prone land with willow and poplar sourced from our Akura Conservation Centre; and despite the prolonged autumn drought, a March 2016 survey showed an 83% survival rate among the trees planted.

### Our key projects and programmes

What we said we would do	What we did
Expansion of the Farm Environment Plans in priority catchment areas.	New Farm Environment Plans have been prepared for Wairarapa Moana (12), Otaki (2) and Parkvale (1) catchments.
Ongoing delivery of the Wellington Region Erosion Control Initiative programme, with a focus on erosion-prone land in the Ruamahanga whaitua	145 properties in the region implemented a Wellington Region Erosion Control Initiative programme, 55% of the properties are located in the Ruamahanga catchment.
Continuation of the supply of poplar and willow poles, and eco-sourced native plants from the Akura Conservation Centre	Akura supplied 29,455 poles in total (81.4% supplied to the Wellington Region Erosion Control Initiative programme), and 50,124 eco-sourced native plants.

### Measuring our performance

Level of service	Performance measure	Performance targets			Achieved / Not Achieved
		Baseline (2014)	2015/16 Target	2015/16 Actual	
Work collaboratively with landowners to sustainably manage nutrient and sediment discharges on a catchment basis	Percentage of hill-country erosion prone land covered by an active Farm Plan	76.5%	77%	77.6%	Achieved
	Hectares of erosion-prone land planted	400	450	507	Achieved
	Percentage of dairy farms with an active Farm Environment Plan	15%	18%	20%	Achieved

### No unplanned activity

## Biodiversity management

Biodiversity means the variety of plants and animals living in healthy ecosystems. Threats to biodiversity include pest plants and animals and intensive land use. Wetlands are particularly important for biodiversity, but across Wellington region fewer than three percent of our original wetlands remain.

Greater Wellington’s Biodiversity Strategy has the vision that “Healthy ecosystems thrive in the Wellington region and provide habitat for native biodiversity”. To achieve this we manage ecologically important sites across the region, support landowner and community work to protect biodiversity, and provide biodiversity-related advice.

### The year in summary

In 2015/16, through our Key Native Ecosystem (KNE) programme, we planned and coordinated ecological restoration initiatives at 61 sites of high ecological value across the region and published KNE plans to address biodiversity threats to 21 sites over the next three years.

We continued working with iwi and other partners to restore the catchments of Wairarapa Moana and Te Awarua-o-Porirua Harbour, raising awareness with schools and communities about these sites’ important ecological and cultural values, and establishing a contestable fund to support community restoration in both catchments. Seaweed in February/March and Restoration Day in May were successful public awareness and education events that also gave us the chance to celebrate the work of our many volunteers.

The environmental effects of Winstone Aggregates’ planned quarry extension into Belmont Regional Park will be mitigated by extensive restoration work funded by Winstone Aggregates. We developed and agreed to this restoration plan with Winstone Aggregates in June.

**Growing tomorrow’s eco-warriors**  
 Schoolchildren can learn how to assess the health of their local stream with the Stream Health Assessment Kit, which we developed in 2015/16 and freely loan to schools, along with our Educators’ Guide. We supported Mountains to Sea Wellington programmes in Wairarapa and Porirua, teaching schoolchildren about their local aquatic and marine environments and how to keep them healthy; and our Student Transport Grant, established in 2015/16, supports schools (particularly lower-decile schools) to take fieldtrips as part of these educational programmes and to use the Stream Health Assessment Kits.

### Measuring our performance

Level of service	Performance measure	Performance targets			Achieved / Not Achieved
		Baseline (2014)	2015/16 Target	2015/16 Actual	
Work with the regional community to improve the region’s indigenous biodiversity	Number of identified high value biodiversity sites under active management <sup>41</sup>	120	80	85	Achieved
	Progress towards ecological management objectives <sup>42</sup>	No baseline	95%	97.9%	Achieved

### No unplanned activity

<sup>41</sup> Active management can include improving legal protection, fencing, and undertaking the control of plant and animal pests

<sup>42</sup> Progress is assessed by reviewing management activities’ direct contribution towards ecological management objectives

## Pest management

Wellington region's environment, economy and quality of life all benefit from avoiding the introduction of new pest plants and animals and limiting the spread of those that are already here. Greater Wellington regulates, inspects and monitors pest plants, provides direct pest control activities like spraying and supports community work to reduce pest numbers.

### The year in summary

Possum control was a significant theme for the year, as we completed an intensive TBfree programme (which involves dramatically reducing possum numbers) and delivered 70,000 ha of landscape-scale possum control under the Regional Possum Predator Control Programme.

The Regional Possum Predator Control Programme extended into areas that had never received formal possum control, with high numbers of possums in difficult terrain. We successfully designed, trialled and implemented a new ground-based bait station that excludes non-target species while still allowing access to possums.

Our work to minimise the impact of pest plants in the region included:

- undertaking intensive pest control at 61 high biodiversity sites under the Key Native Ecosystems programme
- surveying 754 properties, identifying and controlling a range of Total Control plant species
- successfully spraying the invasive aquatic species egeria in the Parangarahu Lakes, a highly significant freshwater body for the region
- trialling X-tree basal herbicide treatment for woody weed species, to allow more efficient and safe tree weed control with a reduced use of herbicide and machinery; trialling Goodnature A12 possum and A24 rat and stoat traps as an alternative to toxins
- targeting the last known rook colonies in Wairarapa
- establishing the HALO project with Wellington City Council, Department of Conservation and the Morgan Foundation, to promote backyard pest control
- using remote motion sensitive cameras to monitor domestic cats' and pest species' interaction with our traps and bait stations
- providing pest management advice and assistance to the public, and responding to almost 1,000 queries on pest animals such as rabbits, wasps and magpies.

#### **Saving crops from rooks**

Rooks were introduced to New Zealand in the 1860s and 70s by Acclimatisation Societies – groups established for the specific purpose of importing non-native plants and animals. By the 1930s, rooks were well established in the Wairarapa and supplementing their diet of bugs with local crops. Eradication programmes began across the country in the 1970s, and today in Wellington region we're down to eight known rookeries (rook colonies), with a total of 23 nests. Our goal is to eradicate rooks from our region.

## Measuring our performance

Level of service	Performance measure	Performance targets			Achieved / Not Achieved
		Baseline (2014)	2015/16 Target	2015/16 Actual	
Work with landowners to reduce the impact of pest animals and plants within the region	Number of active pest plant "Total Control" sites with reproductively active plants	Nil	Nil	20 <sup>43</sup>	Not Achieved
	Number of possums in the Regional Possum Predator Control Programme area (RPPCP) (<5% Residual Trap Catch)	Low Less than 5% Residual Trap Catch	Low (<5% Residual Trap Catch)	Low. One area out of 11 under control where numbers exceeded 5%	Not Achieved
	Number of rabbits in the region (<5 on the Modified McLean Scale)	Low	Low	Low <sup>44</sup>	Achieved

## No unplanned activity

<sup>43</sup> The programme is achieving the planned results for the majority of controlled species. We are failing to achieve effective control for Bathurst bur and perennial nettle. The status of these species will be reassessed during the Regional Pest Management Plan review. Of the 703 Total Control species sites recorded prior to 30 June 2016 only 20 were found to have reproductively active plants at the time of inspection. An additional 51 new sites were located during recent delimiting inspections.

<sup>44</sup> Control has been implemented at a number of sites that approached 5 on the Modified McLean Scale. We are still monitoring the susceptibility of the regional rabbit population to the RCD virus. The virus still circulates in our region, helping to maintain low rabbit numbers.

## Harbour management

To keep our harbours (Wellington and Porirua) clean and safe for everyone, Greater Wellington provides marine oil spill response services, all-weather navigational aids in the harbours, a 24/7 harbour communication station at Beacon Hill and boating safety education campaigns.

### The year in summary

2015/16 was a good year overall: a long period of exceptionally good weather, no significant commercial maritime casualties in harbour waters, and no significant marine oil spills that needed a response. We helped coordinate a number of successful public events on Wellington and Porirua harbours, like dragon boating, fireworks displays, waka ama and power boating.

Unsafe jumping from Mana Bridge into Porirua Harbour was unfortunately a popular activity over the long, hot summer. With the safety of boaties and bridge jumpers in mind, Greater Wellington hired a security guard to help monitor the adjacent boat-launching area, where bridge jumpers and swimmers put themselves at risk around boats using the launching area.

Our oil pollution response equipment was moved to a new location at Tyers Road, near the bottom of Ngauranga Gorge.

#### Keeping the harbour busy and safe

Wellington Harbour is great for a wide variety of water users including swimmers, dragon boaters, kayakers, yachties, fishers and waterskiers. It's also a large commercial port, with 8,500 ship movements a year from overseas and around New Zealand and is an increasingly popular cruise ship destination. From our Beacon Hill Harbour Communications Station we keep a close eye on navigation and safety for all the commercial and recreational activity on the water. We work closely with CentrePort mariners and through a joint Port and Harbour Safety code ensure a port with an excellent safety reputation.

### Measuring our performance

Level of service	Performance measure	Performance targets			Achieved / Not Achieved
		Baseline (2014)	2015/16 Target	2015/16 Actual	
Provide safe and competent maritime management for commercial and recreational users of our region's waters	That Beacon Hill Communications station is staffed and operational 24 hours a day, seven days a week	100%	100%	100%	Achieved
	That all navigational aids are working, 24 hours a day, seven days a week	100%	100%	99.95% <sup>45</sup>	Not Achieved <sup>46</sup>
	Percentage of reports of unsafe boating incidents investigated and appropriate actions taken	100%	100%	100%	Achieved
	Percentage of harbour oil spills responded to within 30 minutes and clean up started within one hour	100%	100%	100%	Achieved (no significant marine spill occurred)
	Percentage of coastal oil spills responded to within 30 minutes and clean up started within 3 hours	100%	100%	100%	Achieved (no coastal oil spills occurred during this period)

### No unplanned activity

<sup>45</sup> Achieved within IALA reliability guidelines.

<sup>46</sup> Pencarrow light went out for one night and the backup did not start, this has been rectified, and the main light was functioning the next night.

**ENVIRONMENT**  
**FUNDING IMPACT STATEMENT**  
**FOR THE YEAR ENDING 30 JUNE 2016**

	2015/16 Actual	2015/16 Long Term Plan	2014/15 Long Term Plan	2014/15 Actual
	\$000s	\$000s	\$000s	\$000s
<b>Sources of operating funding</b>				
General rate	24,957	24,957	21,096	21,546
Targeted rates	408	408	745	692
Subsidies and grants for operating purposes	306	-	-	175
Fees, charges, and targeted rates for water supply	5,292	4,145	2,936	1,271
Fines, infringement fees, and other receipts <sup>1</sup>	4,075	3,954	3,992	7,522
<b>Total operating funding</b>	<b>35,038</b>	<b>33,464</b>	<b>28,769</b>	<b>31,206</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	(31,373)	(30,820)	(26,339)	(29,186)
Finance costs	(90)	(91)	(78)	(87)
Internal charges and overheads applied	(1,580)	(1,614)	(1,769)	(1,828)
<b>Total applications of operating funding</b>	<b>(33,043)</b>	<b>(32,525)</b>	<b>(28,186)</b>	<b>(31,101)</b>
<b>Surplus/(deficit) of operating funding</b>	<b>1,995</b>	<b>939</b>	<b>583</b>	<b>105</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Increase / (decrease) in debt	(590)	(119)	(78)	629
Gross proceeds from asset sales	169	266	92	64
<b>Total sources of capital funding</b>	<b>(421)</b>	<b>147</b>	<b>14</b>	<b>693</b>
<b>Applications of capital funding</b>				
- to meet additional demand	-	-	-	-
- to improve the level of service	(123)	-	(19)	-
- to replace existing assets	(1,011)	(1,127)	(531)	(599)
(Increase) / decrease in investments	-	-	-	-
(Increase) / decrease in reserves	(440)	41	(47)	(199)
<b>Total applications of capital funding</b>	<b>(1,574)</b>	<b>(1,086)</b>	<b>(597)</b>	<b>(798)</b>
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation on Environment assets</b>	<b>700</b>	<b>671</b>	<b>606</b>	<b>670</b>

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

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

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

All figures on this page exclude GST

**ENVIRONMENT**  
**FUNDING IMPACT STATEMENT**  
**FOR THE YEAR ENDING 30 JUNE 2016**

	2015/16 Actual	2015/16 Long Term Plan	2014/15 Long Term Plan	2014/15 Actual
	\$000s	\$000s	\$000s	\$000s
<b>Operating funding</b>				
Resource management	17,952	16,437	11,940	13,934
Land management	4,903	5,300	4,270	4,699
Biodiversity management	4,452	4,374	4,780	4,538
Pest management	5,522	5,185	5,665	5,888
Harbour management	2,209	2,168	2,114	2,147
<b>Total operating funding</b>	<b>35,038</b>	<b>33,464</b>	<b>28,769</b>	<b>31,206</b>
<b>Applications of operating funding</b>				
Resource management	(17,061)	(15,646)	(11,696)	(14,443)
Land management	(4,492)	(5,102)	(4,195)	(4,679)
Biodiversity management	(4,312)	(4,530)	(4,780)	(4,404)
Pest management	(5,145)	(5,250)	(5,574)	(5,639)
Harbour management	(2,033)	(1,997)	(1,941)	(1,936)
<b>Total applications of operating funding</b>	<b>(33,043)</b>	<b>(32,525)</b>	<b>(28,186)</b>	<b>(31,101)</b>
<b>Capital expenditure</b>				
Capital project expenditure	(83)	(148)	(19)	(168)
Land and buildings	(21)	-	-	-
Plant and equipment	(543)	(589)	(176)	(180)
Vehicles	(487)	(390)	(355)	(251)
<b>Total capital expenditure</b>	<b>(1,134)</b>	<b>(1,127)</b>	<b>(550)</b>	<b>(599)</b>

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

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

All figures on this page exclude GST

## ***Protecting lives and livelihoods***

### **Flood protection and control works - Te Tiaki me te Arahi Waipuke**

***Community outcomes: Strong economy, resilient community, engaged community, healthy environment***

As global weather patterns change and become more unpredictable, our communities need to feel secure that their lives, homes, and livelihoods will be protected during a significant flood.

Greater Wellington works with communities to develop flood management plans, provide flood warnings, maintain and build flood protection works along nearly 300 kilometres of stopbank, and provide increasingly in-demand advice and consultation services.

Our activities in this area are: understanding flood risk; maintaining flood protection and control works; and improving flood security.

Key achievements for 2015/16 included:

- after extensive engagement, getting overwhelming support from the Lower Hutt community on a long-term and sustainable flood protection plan that will protect lives, livelihoods, and more than \$1 billion worth of property
- getting signoff on the Pinehaven Stream Floodplain Management Plan
- developing a new web portal for flood hazard and river management information, to help us meet the steadily increasing number of enquiries about flood hazards
- completing significant repair works in Porirua Stream (3500 cubic metres of gravel removed) and Otaki River after the May 2015 floods.



## Understanding flood risk

Our Flood Management Planning involves significant community consultation, information, and engagement. The goal is that communities can make informed decisions about flood risk and flood protection, supported by the best scientific and engineering expertise.

### The year in summary

2015/16 has seen good progress, with some challenges, on all three of our Flood Management Plans in development.

Pinehaven Flood Management Plan has been approved, following extensive community engagement over flood hazard maps. A draft Waiohine Flood Management Plan has proceeded to public consultation, and options are being developed for the rural areas within the Te Kāuru Upper Ruamāhanga Flood Management Plan.

Option development for the Masterton urban area of Te Kāuru Upper Ruamāhanga Flood Management Plan is on hold while we work with Masterton District Council to agree the scale of the flood hazard.

Our flood hazard and river management advisory service is getting an ever-increasing number of queries as community awareness of flood risk grows. To meet this growing demand, in 2015/16 we added to our web-based flood hazard information, and are investigating how to further develop this service.

Our business-as-usual investigations programme has continued with a completed river survey of the Otaki River, new aerial photos for the rivers in the western part of the region, gravel analysis of several rivers and a start made on the Otaki Floodplain Management Plan review.

A trial flood forecasting model for the Hutt River has been completed and is now being calibrated for use. The use of the model will help inform a review of the overall flood warning system for the region which has just begun.

### Our key projects and programmes

What we said we would do	What we did
Complete the Floodplain Management Plan for Te Kauru Upper Ruamahanga	Progress continues on rural options development but options development for the Masterton urban area is on hold until the flood hazard has been agreed with Masterton District Council.
Commence implementation of the Pinehaven Floodplain Management Plan (in conjunction with Upper Hutt City Council)	The Pinehaven Flood Management Plan has been approved and we have moved into the implementation phase.
Complete the Waiohine Floodplain Management Plan	A draft Plan has been completed and released for public consultation.
Continue development of the Waiwhetu Floodplain Management Plan	This project has been deferred until 2016/17 due to delays in completing other Flood Management Plans
Make flood hazard information available on Greater Wellington's website	We have started making flood hazard information available via a new web portal and will be progressively adding information. We are also developing our approach to displaying/communicating flood hazard
Participate in Mangaroa Flood Hazard Assessment Plan Change (Upper Hutt City Council) and improve flood warning	We have participated in this plan change but Upper Hutt City Council's plan changes for Mangaroa and Pinehaven are currently on hold. Funding is available in 2017/18 for flood warning improvements.
Flood Forecasting development (joint project with WREMO)	A flood forecasting model for the Hutt River has been developed and is being tested for accuracy.

## Measuring our performance

Level of service	Performance measure	Performance targets			Achieved / Not Achieved
		Baseline (2014)	2015/16 Target	2015/16 Actual	
Improving information and understanding of flood risk in the community	Percentage of high hazard flood prone land covered by a flood hazard map	13.0%	13.0%	43% No new flood maps released, but baseline revised based on improved methodology	Achieved
	Percentage of catchments with Flood Management Plans in place	20.0%	20.0%	25%	Achieved
	Disseminate flood hazard maps within six months of completion	No baseline	100%	N/A <sup>47</sup>	N/A
	Flood warning information is relayed to WREMO within one hour of receipt	100%	100%	100%	Achieved

## Unplanned activity

We commenced a review of our flood warning system in collaboration with WREMO.

<sup>47</sup> No new maps were finalised this year.

## Maintaining flood protection and control works

Physical flood protection is about stopbanks, river works and detention dams. Our region has one of the largest flood protection networks in the country; Greater Wellington manages 320 kilometres of river channels, maintains 280 kilometres of stopbanks, and provides access, tracks, and planting so communities can continue to enjoy their riversides.

### The year in summary

The year began with flood repair works in Otaki River and Porirua Stream, following the floods of May and June 2015. However, all Greater Wellington's stopbanks held during the floods, which was a great testament to the value of our flood protection network.

Asset maintenance and improvement projects included: placing 6,500 tonnes of rock riprap to repair and strengthen bank edge protection works; planting an extra 31,000 willows and 12,400 native plants along riversides; and channel clearing and realignment where needed. Including the cleanup from the May 2015 storms, a total of 264,000 m<sup>3</sup> of gravel was extracted from the regions' rivers to assist our river management activities.

A structural assessment of the concrete floodwalls used to protect some areas from flooding in the western area concluded all floodwalls were in very good condition. Our asset inspections have been assisted by mobile technology and the development of a webmap.

The resource consent project for Jim Cooke Park has progressed, and information requests completed for the Hutt, Otaki, Waikanae and Wainuiomata river applications.

### Our key projects and programmes

What we said we would do	What we did
Resource Consents Project	Information requests for Hutt, Otaki, Waikanae and Wainuiomata Rivers have been completed. The draft Code of Practice and the Environmental Monitoring Plan have been updated.
Asset Management Planning Improvements	Asset Management Plan finalised and improvement projects completed.
Implement new Health and Safety Legislation	Health and Safety Plan implemented.

## Measuring our performance

Level of service	Performance measure	Performance targets			Achieved / Not Achieved
		Baseline (2014)	2015/16 Target	2015/16 Actual	
Infrastructure is managed to agreed levels of service	Annual maintenance programme completed so that schemes are maintained to their full service potential <sup>48</sup>	100%	100%	100%	Achieved
	Flood damage identified, prioritised and repair programme agreed with the community <sup>49</sup>	100%	100%	100%	Achieved
Minimise the environmental impact of flood protection works	All flood protection works are undertaken in accordance with Code of Practice checklist	100%	100%	Code of Practice still being developed	Not Achieved
	Consent compliance	100%	100%	100%	Achieved

## No unplanned activity

<sup>48</sup> Non-Financial Performance Measures Rules 2013 measure for maintenance

<sup>49</sup> Non-Financial Performance Measures Rules 2013 measure for repairs

## Improving flood security

Once a Flood Management Plan has been approved, we undertake the planning, gain consents, and undertake construction that will provide the needed flood protection to families, businesses, and communities.

### The year in summary

Option A of the Central Hutt Integrated River Project will provide flood protection up to a 1:440 years flood. It's a bold and courageous plan that the Hutt community overwhelmingly voted in favour of in December 2015.

The Hutt project will protect lives, livelihoods and around \$1 billion of property assets. It's linked to the Hutt City Council's revitalisation plan for the CBD, meaning flood protection work will contribute to efforts to 'open up' the city to the river and provide more recreation and community activities along the riverside.

Lower Hutt residents voted for Option A in December 2015. 117 privately owned properties beside the river will have to be removed for the project. We've started the purchase process with the owners and the design stage.

In Upper Hutt we approved the Pinehaven Stream Floodplain Management Plan that, when implemented, will reduce the risk of flooding to the community and encourage good development decisions through District Plan change recommendations to use stormwater neutrality and provide hazard and floor level controls.

On the Kapiti Coast delivery of flood security continued with our application for resource consents for the Jim Cooke Park stopbank upgrade being lodged. In Wairarapa work continued to deliver improvements to the security of the flood defences within the area of Lower Wairarapa Valley Development Scheme.

Environmental and amenity enhancement continues for projects providing fish passage, better recreational access, assisting community groups with enhancement planting and providing a ranger service in the Hutt Valley. We have also commenced a review of the Hutt River Environmental Strategy to ensure it meets the community's aspirations for the river.

### Our key projects and programmes

What we said we would do	What we did
Hutt River City Centre project - confirm preferred Integrated Concept Designs following community consultation	We confirmed the preferred option with the community and started the next design stage.
Pinehaven Stream Floodplain Management Plan Implementation – Progress with land entry agreements and the planning and design phase	We purchased three properties needed to deliver the project, commenced implementation and have assisted Upper Hutt City Council with preparation of plan changes required to deliver the project.
Jim Cook Park stopbank (Waikanae River) – complete the planning and design phase and commence construction	We completed the planning and design phase and the required notification of the resource consents to enable completion of the works were completed.
Otaki River – progress with bank edge protections <ul style="list-style-type: none"> <li>- Chrystalls to Gorge</li> <li>- Alignment and construction decisions for mouth to SH1</li> </ul>	This work was deferred until the review of the Otaki River Floodplain Management Plan is completed (currently programmed for completion in 2017/18 financial year).
Otaki River – investigate land entry agreements for South Stopbank	This work was deferred due to the commencement of a review of the Otaki River Floodplain Management Plan.

What we said we would do	What we did
Lower Wairarapa Development Scheme – complete the year’s works programme including boulder protection works and lowering of berms	Work programme was completed.
Waiohine Floodplain Management Plan Implementation – progress with the planning and design phase and land entry agreements	This work was deferred pending approval of the Waiohine Floodplain Management Plan. Final consultation on the draft plan is underway and the plan is due to be completed by June 2017.
Environmental Strategy Implementation – progress with environmental enhancement works in Hutt, Otaki and Waikanae rivers	We completed a number of small projects to improve ecological and amenity outcomes sought by the Environmental Strategies for the Hutt, Otaki and Waikanae Rivers.
Strategic land purchased in advance of physical works	Six properties across the region were purchased in advance of physical works.

### Measuring our performance

Level of service	Performance measure	Performance targets			Achieved / Not Achieved
		Baseline (2014)	2015/16 Target	2015/16 Actual	
Improve the communities resilience to flooding	Percentage of Floodplain Management Plan implemented	Hutt – 30%	30%	30%	Achieved
		Otaki - 47%	47%	47%	Achieved
		Waikanae – 45%	45%	45%	Achieved
		LWVDS <sup>50</sup> - 43%	51%	49%	Not Achieved
	Percentage of stopbanks that meet design standard	87% <sup>51</sup>	87% <sup>52</sup>	85%	Not achieved

### Unplanned activity

We commenced a number of small scale capital funded projects to protect against local erosion problems on the Hutt River and Otaki River. A decision was made to construct permanent works at these locations to minimise future costs rather than continue to hold the river banks with regular maintenance activities.

<sup>50</sup> Lower Wairarapa Valley Development Scheme

<sup>51</sup> These measures are different from those in the 10 Year Plan 2015-25 due to an error. The figures included above are the correct ones.

<sup>52</sup> These measures are different from those in the 10 Year Plan 2015-25 due to an error. The figures included above are the correct ones.

**FLOOD PROTECTION AND CONTROL WORKS  
FUNDING IMPACT STATEMENT  
FOR THE YEAR ENDING 30 JUNE 2016**

	2015/16 Actual	2015/16 Long Term Plan	2014/15 Long Term Plan	2014/15 Actual
	\$000s	\$000s	\$000s	\$000s
<b>Sources of operating funding</b>				
General rate	8,987	8,987	8,523	8,360
Targeted rates	6,742	6,742	6,828	6,503
Subsidies and grants for operating purposes	-	-	-	-
Fees, charges, and targeted rates for water supply	2	-	-	2
Fines, infringement fees, and other receipts <sup>1</sup>	2,139	2,033	1,852	1,929
<b>Total operating funding</b>	<b>17,870</b>	<b>17,762</b>	<b>17,203</b>	<b>16,794</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	(8,685)	(8,828)	(8,086)	(8,039)
Finance costs	(3,477)	(3,577)	(3,723)	(3,268)
Internal charges and overheads applied	(942)	(942)	(1,379)	(1,381)
<b>Total applications of operating funding</b>	<b>(13,104)</b>	<b>(13,347)</b>	<b>(13,188)</b>	<b>(12,688)</b>
<b>Surplus/(deficit) of operating funding</b>	<b>4,766</b>	<b>4,415</b>	<b>4,015</b>	<b>4,106</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Increase / (decrease) in debt	3,813	7,257	3,418	916
Gross proceeds from asset sales	12	64	78	394
<b>Total sources of capital funding</b>	<b>3,825</b>	<b>7,321</b>	<b>3,496</b>	<b>1,310</b>
<b>Applications of capital funding</b>				
- to meet additional demand	-	-	-	-
- to improve the level of service	(6,955)	(10,512)	(6,251)	(4,215)
- to replace existing assets	(257)	(193)	(229)	(175)
(Increase) / decrease in investments	(349)	(420)	(428)	(424)
(Increase) / decrease in reserves	(1,030)	(611)	(603)	(602)
<b>Total applications of capital funding</b>	<b>(8,591)</b>	<b>(11,736)</b>	<b>(7,511)</b>	<b>(5,416)</b>
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation on Flood Protection and Control assets</b>	<b>938</b>	<b>944</b>	<b>1,026</b>	<b>1,043</b>

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

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

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

All figures on this page exclude GST

**FLOOD PROTECTION AND CONTROL WORKS  
FUNDING IMPACT STATEMENT  
FOR THE YEAR ENDING 30 JUNE 2016**

	2015/16 Actual	2015/16 Long Term Plan	2014/15 Long Term Plan	2014/15 Actual
	\$000s	\$000s	\$000s	\$000s
<b>Operating funding</b>				
Understanding flood risk	2,024	1,954	1,793	1,762
Maintaining flood protection and control works and Improving flood security	15,846	15,808	15,410	15,032
<b>Total operating funding</b>	<b>17,870</b>	<b>17,762</b>	<b>17,203</b>	<b>16,794</b>
<b>Applications of operating funding</b>				
Understanding flood risk	(1,709)	(1,720)	(1,500)	(1,347)
Maintaining flood protection and control works and Improving flood security	(11,395)	(11,627)	(11,688)	(11,341)
<b>Total applications of operating funding</b>	<b>(13,104)</b>	<b>(13,347)</b>	<b>(13,188)</b>	<b>(12,688)</b>
<b>Capital expenditure</b>				
Hutt River improvements	(4,581)	(2,052)	(770)	(1,667)
Otaaki River improvements	(736)	(3,234)	(514)	(306)
Wairarapa scheme	(978)	(3,743)	(3,754)	(1,399)
Other flood protection	(822)	(1,483)	(1,212)	(847)
Land and buildings	-	-	-	-
Plant and equipment	(2)	(8)	(12)	(2)
Vehicles	(93)	(185)	(218)	(169)
<b>Total capital expenditure</b>	<b>(7,212)</b>	<b>(10,705)</b>	<b>(6,480)</b>	<b>(4,390)</b>

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

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

All figures on this page exclude GST



## *Places and spaces for public enjoyment*

### **Parks - Ngā Papa Whenua**

*Community outcomes: engaged community, healthy environment*

***With approximately 1.2 million visits to Greater Wellington's Regional Parks, it's fantastic to see people getting out to enjoy and learn about our region's landscape, history and heritage.***

We manage 12 parks across the region, totalling over 50,000ha. Each one is a unique natural area; together they offer a huge range of recreational opportunities and experiences.

Our activities in this area are Parks Planning and Visitor Services.

Key achievements for 2015/16 included:

- completing extensive repairs to the Korokoro Valley track in Belmont Regional Park after extensive flooding in May 2015
- completing and opening Te Ara o Whareroa walking and cycleway pathway in Queen Elizabeth Park. Six months later it is already the most popular track in the Park
- ensuring the increasing number of park visitors and campers continue to have a great experience
- improving public access and wetlands management at Queen Elizabeth Park after the new licence holder started farming. Letting a new farm licence for Belmont Regional Park that will also let the public see more of the farming activities
- completing the Whitireia Park Plan. The plan recognises the significant cultural and natural heritage features of the park and outlines a range of policies and proposals to guide management activities and improve facilities for park visitors.

## **Our regional parks, forests and tracks**

*Pakuratahi Forest* home to the 18km Rimutaka Rail Trail over restored railway bridges and through historic tunnels

*East Harbour Regional Park* sheltered valleys, sweeping bays, lighthouse and wetlands tracks

*Belmont Regional Park* in the hills between Porirua and Hutt Valley, historic Korokoro Dam, WWII ammunition stores, original Wellington-Pauatahanui coach road

*Queen Elizabeth Park* 650 hectares edged by a sandy beach, pa sites, World War II US Marine Camps, tramways museum. Rare dune landscape and peat swamps.

*Battle Hill Farm Forest Park* a working farm, site of one of the last battles between Māori and early colonial forces

*Kaitoke Regional Park* Rata, rimu and beech shelter the Hutt River Gorge, with swimming holes, bushwalks, campsites, and a setting for Lord of the Rings

*Whitireia Park* great views of Porirua Harbour and Mana Island, coastal cliffs, beaches and streams; swimming, snorkelling, rock climbing, golf.

*Hutt River Trail* recalling the early Māori foot track alongside Te Awa Kairangi, excellent river access and ideal for walking, cycling and running.

*Akatarawa Forest* 15,000 hectares of rugged wilderness between Upper Hutt and the Kapiti coast, popular for biking, horse riding, hunting and tramping

*Wainuiomata Recreation Area* peaceful and sheltered valley ideal for family outings, picnics, and easy walks

## **Parks planning**

Our Parks Network Plan enables us to manage our parks network as a whole, along with making specific provisions for the unique character of each park. Parks planning also involves assessing applications for leases, licences, and other developments within the network.

### **The year in summary**

Some key plans were progressed this year. A new park management plan for Whitireia Park, Porirua, was approved by the Park Board and Minister of Conservation with valuable input from the community. The plan recognises the significant cultural and natural heritage features of the park and outlines a range of policies and proposals to guide management activities and improve facilities for park visitors.

The Parks and Forests Bylaws were reviewed with minor updates made to ensure their currency. The Parks Bylaws enable park rangers to undertake compliance activities to ensure other park visitor and important park values are protected from harm.

A draft management plan was developed for Wellington's two protected area water catchments – the Hutt and Wainuiomata/Orongorongo Water Collection Areas. Together these areas supply approximately 65% of Wellington's drinking water. Wellington is very fortunate to have old growth native forest water catchments where public access is limited and threats to water quality and supply are actively managed. This management approach reduces the need for water treatment and ensures optimum water quality for consumption. The draft Plan outlines core goals and actions for collaborative management of these areas by Wellington Water and Greater Wellington and is an important milestone for the management of these areas.

The Baring Head lighthouse complex is historically significant and encompasses two former light keepers cottages, a power house building and outbuildings. It is unique in being the only remaining intact light keepers complex in New Zealand. A redevelopment plan for the complex was completed encompassing a landscape and heritage strategy to guide works to redevelop the cottages as booked accommodation and the power house building as a day visitor centre. A steering group was formed to guide redevelopment with the Friends of Baring Head leading efforts to seek funding. They have submitted three grant applications to date. This ground work sets the scene for the lighthouse complex becoming an iconic recreation and tourism visit destination for Wellington in the future.

## Measuring our performance

Level of service	Performance measure	Performance targets			Achieved / Not Achieved
		Baseline (2014)	2015/16 Target	2015/16 Actual	
Maintain a current policy framework to manage the regional park network	Parks Network Plan is maintained and operative	No baseline	Whitireia Park Management Plan consulted	Whitireia Park Management Plan completed and approved by Park Board and Minister of Conservation.	Achieved
			Parks Network Plan monitoring programme developed	Programme in development.	Not achieved
			Baring Head Lighthouse Complex Conservation Plan completed	Cottage redevelopment and landscape planning completed and steering group established to guide next stage (fundraising and refurbishment).	Achieved

No unplanned activity

## Visitor services

By providing visitor amenities and services, maintaining tracks and working with volunteers on environmental projects our park rangers assist visitors and community groups and ensure the park remains safe, well used, and well maintained.

## The year in summary

In January this year, we opened the new six kilometre Te Ara o Whareroa cycle/walkway in Queen Elizabeth Park. It's already the most-used track in the Park, including by around 60 children getting to and from school each day.

A new licence holder started farming Queen Elizabeth Park, enabling the retirement of 32 hectares of land from grazing. This enabled park access directly from Poplar Ave in Raumati South and removal of livestock from 22 hectares of wetlands. During the year a tender was let for the farm licence on 1200 hectares at Belmont Regional Park with the new licence holder starting on 1 July 2016.

Planning for projects in the coming year included the Queen Elizabeth Park entranceway redevelopment and replacement of the Baring Head vehicle bridge in East Harbour Regional Park. We fixed the problem of water seepage in the Mangaroa tunnel portal in Pakuratahi Forest and prioritised future work on the historic rail formation.

The May 2015 rainfall caused severe flooding and extensive damage in Belmont Regional Park's Korokoro Valley. With almost every structure damaged and large sections of track washed out, a lot of remedial work was needed that required extensive staff time and expertise.

This meant we had to reorganise our planned work programme for the year, and defer some planned track building in other parks until 2016/17. However, in April 2016, a much improved and more easily maintained Korokoro track reopened and we also improved safety in the park by felling more than 2,500 pine trees.

The growing popularity of our regional parks and campgrounds kept us busy – even with camper numbers at Kaitoke Regional Park growing from 22,000 in 2014/15 to 30,000 in 2015/16, visitor satisfaction levels stayed high. We installed new facilities in Kaitoke and Belmont Regional Parks to cater to increased numbers, and to make sure there are no hygiene or rubbish problems.

## Our key projects and programmes

What we said we would do	What we did
Replacement of Baring Head bridge in East Harbour Regional Park	Monitored vehicle use of the bridge by Right of Way holders to determine a reasonable share of use and thus contribution to the cost of replacement. All but one Right of Way holders have agreed to pay their proposed share. Replacement of the bridge has been deferred to 2016/17 until the situation has been resolved.
Construction of an accessible and durable walking track from Muritai Park, Eastbourne to Main Ridge in East Harbour Regional Park	Deferred construction of this track to 2016/17 due to repair and upgrade tracks and structures in the Korokoro Valley damaged by the May 2015 floods.
Pine tree felling in Korokoro Valley and Battle Hill to reduce risk	Over 2500 pine trees were felled in the Korokoro Valley. This project coincided with the track repair and upgrade work (above) to minimise impact on public access.

What we said we would do	What we did
Recreational improvements in Belmont Regional Park to mitigate impact of Transmission Gully Motorway. These include new tracks to improve access between Hill Road and Old Coach Road, and provide easy downhill mountain biking in the Stratton Street valley. The Korokoro Dam surrounds will be landscaped to better cater for high visitor numbers.	A route for the new Hill Road-Old Coach Rd track was mapped and agreed with the community, to enable commencement of a formal approvals process. However, construction was deferred to 2016/17 due to repair and upgrade works in the Korokoro Valley. Further investigation into the downhill mountain biking track revealed it would be impractical in the area. We plan to consult the community regarding a mountain bike skills area in the Stratton St valley instead.
Ongoing asset replacement and maintenance programme across parks network.	Ongoing asset improvement and rationalisation, partly enabled through the flood repair works, has created a more fit for purpose asset base that is more accessible for ongoing maintenance. Redundant buildings in poor repair have been removed. This reduces operational risk and costs and improved our operating efficiencies.

### Measuring our performance

Level of service	Performance measure	Performance targets			Achieved / Not Achieved
		Baseline (2014)	2015/16 Target	2015/16 Actual	
Provide facilities and services that support the community enjoying, valuing and participating in regional parks	Percentage of the population that has visited a regional park in the last 12 months	64%	65%	Not measured <sup>53</sup>	N/A – not measured
	Number of visits to a regional park in the last 12 months	No baseline	Develop baseline	Not measured <sup>54</sup>	N/A – not measured
	Percentage of regional park visitors that are satisfied with their experience	89%	≥90%	Not measured <sup>55</sup>	N/A – not measured
	Percentage increase in volunteer hours for current staff effort	9,984 hours	≥ previous year	55% <sup>56</sup>	Achieved
	Average asset condition <sup>57</sup>	2	≤3	2.22	Achieved

### Unplanned activity

- At Kaitoke Regional Park we added two female toilets, upgraded water pipe capacity and built a new BBQ shelter near the Park Ranger office. At the Dry Creek entrance to Belmont Regional Park we installed a self-registration system and new bollards so that next summer, budget campervans may park closer to the existing toilets.
- The extensive damage due to flooding in Belmont Regional Park's Korokoro Valley required extensive staff time and resources. This unplanned work impacted on other work planned for that period, as noted above against some of the key projects and programmes.

<sup>53</sup> These measures are derived from a Community Usage and Awareness survey, which at present is only carried out every three years. The next survey is due to be conducted in May 2017.

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<sup>55</sup> These measures are derived from a Community Usage and Awareness survey, which at present is only carried out every three years. The next survey is due to be conducted in May 2017.

<sup>56</sup> numbers increased to 15,500 hours

<sup>57</sup> 1 = excellent and 5 = very poor

**PARKS**  
**FUNDING IMPACT STATEMENT**  
**FOR THE YEAR ENDING 30 JUNE 2016**

	2015/16 Actual	2015/16 Long Term Plan	2014/15 Long Term Plan	2014/15 Actual
	\$000s	\$000s	\$000s	\$000s
<b>Sources of operating funding</b>				
General rate	5,920	5,920	5,952	5,632
Targeted rates	-		-	-
Subsidies and grants for operating purposes	61		-	10
Fees, charges, and targeted rates for water supply	188	201	53	166
Fines, infringement fees, and other receipts <sup>1</sup>	876	598	656	1,495
<b>Total operating funding</b>	<b>7,045</b>	<b>6,719</b>	<b>6,661</b>	<b>7,303</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	(5,330)	(5,387)	(4,700)	(5,051)
Finance costs	(293)	(355)	(351)	(263)
Internal charges and overheads applied	(692)	(692)	(1,012)	(961)
<b>Total applications of operating funding</b>	<b>(6,315)</b>	<b>(6,434)</b>	<b>(6,063)</b>	<b>(6,275)</b>
<b>Surplus/(deficit) of operating funding</b>	<b>730</b>	<b>285</b>	<b>598</b>	<b>1,028</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	981		-	1,959
Increase / (decrease) in debt	479	2,232	518	271
Gross proceeds from asset sales	66	75	69	36
<b>Total sources of capital funding</b>	<b>1,526</b>	<b>2,307</b>	<b>587</b>	<b>2,266</b>
<b>Applications of capital funding</b>				
- to meet additional demand	(747)	-	-	-
- to improve the level of service	(92)		-	(2,510)
- to replace existing assets	(1,455)	(3,495)	(1,185)	(11)
(Increase) / decrease in investments	-		-	-
(Increase) / decrease in reserves	38	903	-	(773)
<b>Total applications of capital funding</b>	<b>(2,256)</b>	<b>(2,592)</b>	<b>(1,185)</b>	<b>(3,294)</b>
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation on Parks assets <sup>2</sup></b>	<b>2,201</b>	<b>2,164</b>	<b>694</b>	<b>2,203</b>

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

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

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

All figures on this page exclude GST

**PARKS****FUNDING IMPACT STATEMENT****FOR THE YEAR ENDING 30 JUNE 2016**

	2015/16 Actual	2015/16 Long Term Plan	2014/15 Long Term Plan	2014/15 Actual
	\$000s	\$000s	\$000s	\$000s
<b>Operating funding</b>				
Parks Planning	262	262	265	300
Visitor Services	6,783	6,457	6,373	7,003
Protecting the environment of regional parks	-	-	23	-
<b>Total operating funding</b>	<b>7,045</b>	<b>6,719</b>	<b>6,661</b>	<b>7,303</b>
<b>Applications of operating funding</b>				
Parks Planning	(223)	(262)	(265)	(293)
Visitor Services	(6,096)	(5,913)	(5,536)	(6,052)
Protecting the environment of regional parks	4	(259)	(262)	71
<b>Total applications of operating funding</b>	<b>(6,315)</b>	<b>(6,434)</b>	<b>(6,063)</b>	<b>(6,274)</b>
<b>Capital expenditure</b>				
Battle Hill Farm Forest Park	(103)	(41)	(6)	(23)
Belmont Regional Park	(498)	(602)	(31)	(1,822)
Queen Elizabeth Park	(1,059)	(987)	(572)	(331)
Whitireia Park	(5)	(110)	(73)	-
Pakuratahi Forest	(113)	(355)	(53)	(123)
Akatarawa Forest	(3)	(142)	(38)	(41)
Wainuiomata Recreation Area	(22)	(24)	(33)	-
Kaipke Regional Park	(138)	(122)	(41)	(45)
East Harbour Regional Park	(80)	(876)	(91)	(46)
Other	-	-	-	11
<b>Capital project expenditure</b>	<b>(2,021)</b>	<b>(3,259)</b>	<b>(938)</b>	<b>(2,420)</b>
Land and buildings	-	-	-	-
Plant and equipment	(15)	-	(18)	(21)
Vehicles	(258)	(236)	(229)	(80)
<b>Total capital expenditure</b>	<b>(2,294)</b>	<b>(3,495)</b>	<b>(1,185)</b>	<b>(2,521)</b>

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

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

All figures on this page exclude GST



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

## Overview

Greater Wellington has a significant portfolio of investments, comprising:

- liquid financial deposits
- administrative properties (e.g. depots)
- forestry and business units
- equity investments in the WRC Holdings Group (including CentrePort Ltd)
- rail rolling stock.

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

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

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

## Treasury management

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

We then on-lend these funds to activities that require debt finance. This allows the true cost of debt funding to be reflected in the appropriate areas. The surplus is used to offset regional rates.

## Local Government Funding Agency

Greater Wellington is a founding shareholder in the Local Government Funding Agency (LGFA). The LGFA was established by statute in December 2011 and Greater Wellington has subscribed to \$1.866 million shares in the LGFA. The LGFA assists local authorities with their wholesale debt requirements by providing funds at better rates than are available to us directly in the market place. Greater Wellington sources term debt requirements from the LGFA and receives an annual dividend.

As part of the arrangement Greater Wellington has guaranteed the debt obligations of the LGFA along with the other shareholders of the LGFA in proportion to its level of rates revenue. Greater Wellington believes the risk of this guarantee being called on is extremely low, given the internal liquidity arrangements of the LGFA, the lending covenants of the LGFA and the charge over rates the LGFA has from all council's borrowers.

## Liquid financial deposits

Greater Wellington holds \$33 million in liquid financial deposits as a result of selling our interest in CentrePort Ltd to one of our wholly-owned subsidiaries, Port Investments. We regularly review the rationale for holding these liquid financial deposits, taking into account the general provisions of our Treasury Management Policy, including our attitude to risk and creditworthy counterparties.

### **Administrative properties**

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

### **Forestry and business units**

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

The organisation currently holds 6,000ha of forested land of which around 4,000ha is in the western or metropolitan part of the region, with the remaining 2,000ha in Wairarapa.

The cutting rights to these forests were sold for a period of up to 60 years in the 2013/14 year.

Our overall investment policy with regard to forestry is to maximise long term returns while meeting soil conservation, water quality and recreational needs.

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

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

### **Wellington Regional Economic Development Agency (WREDA)**

WREDA is the region's economic development agency which was established to implement the Wellington Regional Strategy. Greater Wellington has a 20% stake in this Agency with the other 80% being held by Wellington City Council. Grow Wellington and Creative HQ which were 100% owned by Greater Wellington have been absorbed into WREDA.

### **Westpac Stadium**

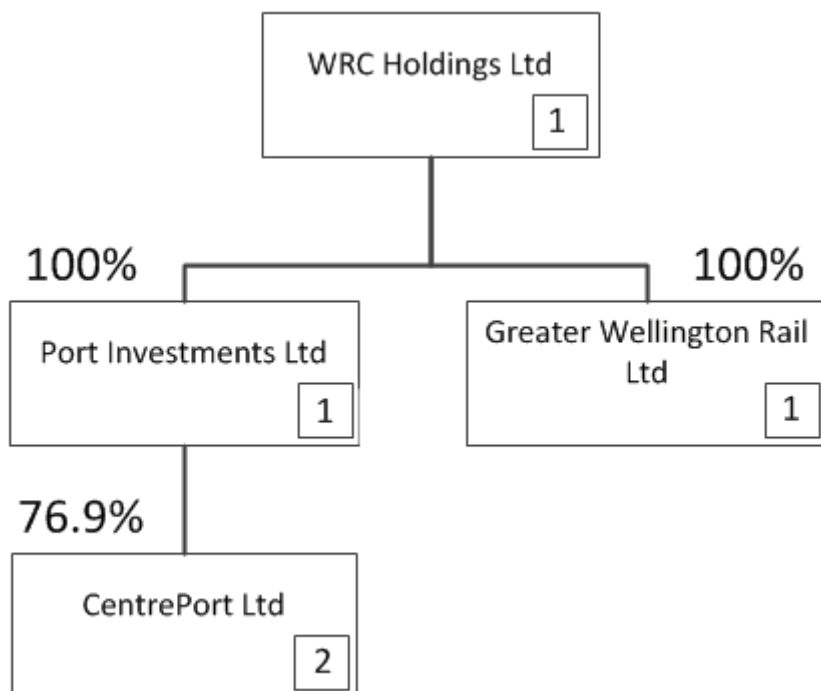
The Westpac Stadium is a regional facility which provides a high-quality, multi-purpose venue for sporting and cultural events.

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

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

## WRC Holdings Group

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



1 Council-Controlled Trading Organisation in accordance with the Local Government Act 2002

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

WRC Holdings Ltd and Port Investments Ltd are, in essence investment holding companies. The main operating companies in the Group are CentrePort Ltd and Greater Wellington Rail Limited. Each year WRC Holdings Ltd provides to Greater Wellington, as 100% shareholder, a Statement of Intent for the WRC Holdings Group.

The WRC Holdings Group structure was set up for the following reasons that are still applicable:

- Appropriate separation of management and governance
- Imposing commercial discipline on the Group's activities to produce an appropriate return by ensuring appropriate debt/equity funding and requiring a commercial rate of return where appropriate
- Separating Greater Wellington's investment and commercial assets from its public good assets
- Minimise the risk of owning commercial assets such as rail rolling stock

The WRC Holdings Group is Greater Wellington's prime investment vehicle and the main mechanism by which it will own and manage any additional equity investments should they be acquired in the future. Periodically, Greater Wellington reviews the structure to determine if it is still an appropriate vehicle for holding its investments.

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

WRC Holdings financial performance targets are:

	<b>Actual 2016</b>	<b>Target 2016</b>	<b>Actual 2015</b>
Dividend distribution \$000s	3,578	2,557	2,360
Dividend distribution %	70%	100%	105.6%
Return on equity <sup>58</sup>	3.6%	1.6%	2.9%
Return on assets <sup>59</sup>	3.4%	2.2%	3.4%

#### Performance targets

	<b>Actual 2016</b>	<b>Target 2016</b>	<b>Actual 2015</b>
Net profit/(deficit) before tax	\$(5.0)million	\$0.6	\$(2.4) million
Net profit/(deficit) after tax <sup>60</sup>	\$(17.4)million	\$2.2 million	\$(0.7) million
Earnings before interest, tax and depreciation.	\$26.8 million	\$33.0 million	\$30.0 million
Return on total assets <sup>61</sup>	0.5%	1.4%	1.2%
Return on shareholders' funds <sup>62</sup>	(4.2%)	(0.3%)	0.2%
Stakeholders equity to total assets	56.3%	58.9%	56.0%
Dividends <sup>63</sup>	\$3.6 million	\$2.6 million	\$2.4million

The net deficit before tax and on earnings before interest, tax, depreciation and amortisation (EBITDA) variance is predominately due to an inventory write down in relation to the Ganz Mavag trains.

The net deficit after tax is as before tax plus a \$12 million unbudgeted deferred taxation accounting adjustment relating to the depreciation on the new Matangi trains.

The higher dividend reflects a final dividend for the 2014/15 year from CentrePort Limited and lower interest costs on WRC Holdings Ltd debt.

<sup>58</sup> Based on net surplus before tax divided by average equity, but excluding revaluation gains and losses.

<sup>59</sup> Based on earnings before interest and tax divided by average assets

<sup>60</sup> Net profit after tax, but before deduction of minority interest

<sup>61</sup> Earnings before interest and tax as a percentage of average total assets

<sup>62</sup> Net profit after tax (and after deduction of minority interest) as a percentage of average shareholder equity (excluding minority interest)

<sup>63</sup> Dividends (interim and final) paid or payable to the shareholder

The variance on shareholder's equity to total assets is due to the lower net profit after tax.

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

- Prue Lamason (Chair)
- Samantha Sharif (Deputy Chair)
- Peter Blades
- Barbara Donaldson
- Chris Laidlaw
- Nigel Wilson.

## Greater Wellington Rail Ltd

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

- 18 SW Carriages
- 6 SE Carriages
- 1 AG Luggage van
- 83 Matangi units

### Performance targets

	Actual 2016	Target 2016	Actual 2015
Return on equity <sup>64</sup>	(7.4%)	(4.6%)	(6.3)%
Return on assets <sup>65</sup>	(5.7%)	(3.7%)	(4.7)%

Return on equity and return on assets is lower than target mainly due to a write down of the residual GANZ Mavag inventory. The targeted negative return is due to GWRL running a deficit as depreciation is not funded by grant, with capital expenditure paid for by equity injections.

<sup>64</sup> Based on net surplus before tax divided by average equity, but excluding revaluation gains and losses.

<sup>65</sup> Based on earnings before interest and tax divided by average assets

## Port Investments Ltd

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

The major activities of CentrePort are:

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

	Actual 2016	Target 2016	Actual 2015
Dividend distribution \$000s	3,691	2,741	2,461
Dividend distribution%	96%	100%	72%
Return on equity <sup>66</sup>	142%	104.5%	159.7%
Return on assets <sup>67</sup>	10.5%	9.5%	11%

The higher dividend than target is due to Port Investments receiving a post 2014/15 year end unbudgeted dividend from CentrePort and lower interest expense. This has increased the return on both equity and assets.

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

<sup>66</sup> Based on net surplus before tax divided by average equity, but excluding revaluation gains and losses. Based on earnings before interest and tax divided by average asset

<sup>67</sup> Based on earnings before interest and tax divided by average assets

## CentrePort Limited

		Actual 2016	Target 2016	Actual 2015
Net profit	before tax	\$16.6 million	\$16.3 million	\$12.3 million
Net profit	after tax	\$14.5 million	\$13.7 million	\$14.1 million
Return on total assets <sup>68</sup>		7.6%	7.4%	7.0%
Return on shareholders' funds <sup>69</sup>		8.6%	6.8%	7.1%
Dividends distribution as a percentage of NPAT		47.0%	45%	45%
Dividend <sup>70</sup>		\$6.8 million	\$6.1 million	\$6.3 million
Interest cover ratio <sup>71</sup>		4.2	3.8	3.1
Gearing ratio <sup>72</sup>		36.2%	39%	38%

The directors of CentrePort Ltd are:

- Warren Larsen (Chair)
- Malcolm Johnson
- John Monaghan
- Richard Janes
- Mark Petersen.
- David Benham
- Sophie Haslem
- Lachie Johnstone

### Performance Targets

#### Safety and security performance targets

Planned target	Actual performance
Year on year improvement towards zero harm	CentrePort Limited has closed out the year with an on target result for injury frequency rate and a better than target result for reporting and severity making this a positive contribution towards our goal of zero harm.
Implementation of the five year Health & Safety action plan.	The five year health and safety plan actions are substantively complete. This extensive programme of work has contributed to an improved health and safety culture and better safety outcomes for people.
Planned target	Actual performance

<sup>68</sup> Net profit before interest and tax as a percentage of average total assets.

<sup>69</sup> Net profit after tax as a percentage of average shareholders' funds.

<sup>70</sup> For forecasting purposes the base of 40% (rounded to the nearest \$100k) has been used for out-year reporting.

<sup>71</sup> The company has set medium and long-term financial performance and financial health targets. Earnings before interest, tax and depreciation, divided by interest expense.

<sup>72</sup> Total liabilities divided by total assets.

Maintain the tertiary level of compliance with the ACC Workplace Safety Management Practices Programme and comply with the AS/NZS 4801: Occupational Health and Safety Management Systems	The next WSMP audit is due November 2016 at which time CentrePort Limited will bring TSL into the CentrePort safety management system and audit.
Annual review of Health and Safety Policy and Plan	The Health and Safety Policy was reviewed in February 2016 and endorsed by the Board in May 2016.
Undertake risk assessments and implement any mitigating procedures relating to the Port & Harbour Safety Code which promotes safety and excellence in marine operations	CentrePort Limited is supporting the Harbour Master in his review of the risk assessment and has reviewed and updated its relevant sections.
Maintain compliance with the International Ship & Port Security (ISPS) Code which promotes security against terrorism within the port environment.	An external audit was completed in April 2016. This audit was reviewed by MNZ in June 2016 at the same time they also conducted practical exercises to test compliance. Following this audit and exercises, Centreport retains its compliance and standing under the ISPS Code.

#### Environmental performance targets

Planned target	Actual performance
Develop and maintain a formal environmental management system consistent with the standards specified in AS/NZS ISO 14001: 2004.	Further development of CentrePort's environmental management system will occur in financial year 2016 (FY16), with staged certification under ISO 14001 to occur in FY17-19.
Formally review, at least annually, the company's compliance with all environmental legislation, district and regional plans, and conditions of resource consents held including the monitoring of environmental discharges in accordance with implemented management plans in the areas of:	Compliance was achieved except in relation to stormwater discharges. A resource consent application is currently in development for discharges and will be lodged by end of September 2015.



Planned target	Actual performance
Port noise	Compliant at Seaview and Miramar. Annual monitoring for the main port is expected to be completed in August 2015.
Storm water discharges to the Coastal Marine Area	An updated port storm water management plan (including monitoring) will be developed in FY16.
Fumigants associated with the pest treatment of cargoes, including the introduction of recapture technology for containerised cargo during 2014.	Recapture technology was used for all fumigation inside containers. Fumigation that occurred outside of containers (mainly for small items) occurred within the controlled area and there were no reported breaches of compliance requirements. No ship hold fumigation occurred in FY15.
Maintain a sustainability programme with measurable performance criteria covering, as a minimum, the monitoring of waste and greenhouse gas emissions.	CentrePort has developed a comprehensive five year environment and sustainability programme of work. The work programme is overseen by the Board Health Safety and Environment Committee, supported by a management committee tasked with promoting sustainability across the company. During the year CentrePort continued to lower regional carbon emissions, through increasing use of rail. Rail volume increased by 55% during FY15. CentrePort's CentreRail container transport solution supported the equivalent of 4.7 million kilometres of truck movements being replaced by rail across central New Zealand in FY15. On port greenhouse gas emissions were 3,802 tonnes CO <sub>2</sub> , a 9% increase on the previous year, as a result of a 13% increase in container volumes through the port. Emissions intensity reduced from
Maintain the requirement for fumigation contractors to use recapture technology for the fumigation of containers.	Recapture technology was used for all container fumigation during FY15.
Monitor compliance by contractors for the fumigation of log shipments in line with the Environmental Protection Agency policies. Continue to review the availability of recognised alternative fumigation options.	Only in- transit log fumigation (using phosphine) occurred during FY15. CPL continues to be involved in STIMBR (the industry body developing alternatives to methyl bromide use).

Planned target	Actual performance
<p>Maintain a register of environmental risks and incidents for monitoring and actioning purposes. The register to be reported to CentrePort's Health, Safety and Environmental Committee on a regular basis (the committee meets 4 times per annum).</p>	<p>A total of 32 incidents/complaints were registered in the Environmental Issues Register in FY15, up from 27 in FY14. All incidents were relatively minor.</p>
<p>Develop appropriate and useful measures to monitor CentrePort's carbon footprint.</p>	<p>Greenhouse gas emissions for FY15 were monitored and independently verified in accordance with the Greenhouse Gas Protocol/ISO 14064-1 (2006). Refer above for results.</p>
<p>CentrePort Ltd will hold a minimum of three Environmental Consultative Committee (ECC) meetings in 2014/15 comprising CentrePort and affected stakeholders (customers, port users, local authorities, Iwi and residential groups). The meetings provide a forum to identify and inform on a range of environmental port related matters.</p>	<p>Three meetings of the ECC occurred in FY15.</p> <p>In addition key stakeholders and iwi groups continue to be consulted as part of the Shipping Channel Deepening Project.</p>

**Social performance targets**

Planned target	Actual performance
<p>Contribute to the desired outcome of the Wellington Regional Strategy through:</p>	
<ul style="list-style-type: none"> <li>The provision of workplace opportunities and skills enhancements of our employees.</li> </ul>	<p>The recent update of the BERL report which assesses the impact of CPL on the region identified that ~21,000 jobs are associated with CentrePort's business. As we continued to grow this has created employment opportunities not only within the main CentrePort business but also in the regions and within companies participating in the logistics chain. The overall increase in associated jobs between 2009 and 2016 is around 7,000 jobs. CentrePort's Growth in Wellington and the regions continues to provide employment opportunities with over 20 new roles being added recently. Candidates for these roles were sourced from local training providers, out of town, off shore and the local community. The regional growth in Whanganui and Masterton has also provided opportunities for local people.</p>

Planned target	Actual performance
<ul style="list-style-type: none"> <li>Ensuring the regional economy is connected by the provision of high quality port services to support international and coastal trade</li> </ul>	In the last year CentrePort has added shipping services, continued to improve inland transport structures and connectivity with Wellington for shippers in the central region. Examples of this include the ongoing growth of CentreRail, the establishment of new connections into the upper South Island and the new inland hub at Waingawa
Supporting the regional community by investing in community sponsorship and engaging in community activities	Sponsorship of the Wellington Free Ambulance, the International Youth Match Racing Championships held in February and the Hutt Valley Chamber of Commerce.
To meet regularly with representative community groups	Meeting held with Environmental Consultative Committee in March 2016

#### General performance targets

Planned target	Actual performance
The company will, in consultation with the shareholders, continue to develop performance targets in the financial, environmental and social areas	Performance targets are reviewed and agreed in the development of the Statement of Intent
CentrePort will report achievement against the above targets in the quarterly report to shareholders and the annual report. The report will include specific initiatives to enhance the environment in which we operate.	Quarterly reporting with shareholders achieved.
When developing 'property held for development' the Board is to adhere to the following principles: <ul style="list-style-type: none"> <li>i. Properties may be developed without the building being fully pre-let so long as tenancy risk is managed prudently.</li> <li>ii. Property developments must not compromise port operations.</li> <li>iii. Developments are to be undertaken only if they are able to be funded without additional capital from shareholders.</li> <li>iv. Development of construction contracts are to be negotiated on a guaranteed maximum price or lump sum basis.</li> </ul>	No properties were under development in 2015/16 .

Definition of terms:

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

FINAL DRAFT

## Wellington Regional Economic Development Agency

WREDA is the key provider for economic development in the region, combined with tourism, venues and major events management for Wellington City. Under an agreement between all the councils in the region WREDA was established in late 2014. It is owned jointly by Wellington City Council (80% shareholding) and Greater Wellington (20% shareholding). The ownership reflects the proportion of funding by the two shareholding councils. It is run by an independent board of directors and is accountable to the Wellington Regional Strategy Committee – a standing committee of Greater Wellington with membership from the councils in the region. WREDA implements the Wellington Regional Strategy and will support other plans which are currently being developed.

### Performance targets

At the time of finalising the 10 Year Plan 2015-25 performance measures and targets were under negotiation with WREDA. The Statement of Intent which outlines the agreed performance measures with WREDA was only finalised June 2016. We will report on these measures in our next year's annual report.

## Wellington Water

Wellington Water manages the water treatment and supply, storm-water and waste-water service delivery in the Wellington region. Wellington Water is jointly owned by Greater Wellington, Wellington City Council, Hutt City Council, Upper Hutt City Council and Porirua City Council who each have a 20% share. It is run by an independent board of directors and is accountable to the Wellington Water Committee – a joint committee of elected representatives from each of the shareholding councils.

### Performance targets

Performance Indicator	2015/16 Target	Achieved/ not achieved
Financial	Manage finances within budget	Achieved
Strategic Priorities	Complete priority milestones on time	Achieved
	Achieve 1% savings on the Council Work Programme	Achieved
Regional Initiatives	Complete initiatives on time as agreed with Greater Wellington	Achieved
Council Work Programmes	Deliver outcomes that achieve the agreed levels of service, at least the whole of life costs for Greater Wellington assets	Achieved
	Post completion evaluations to ensure we deliver what we said we would	Achieved
	95% of all agreed projects from Greater Wellington asset management plans are completed in any given year	Achieved

**INVESTMENTS**  
**FUNDING IMPACT STATEMENT**  
**FOR THE YEAR ENDING 30 JUNE 2016**

	2015/16 Actual	2015/16 Long Term Plan	2014/15 Long Term Plan	2014/15 Actual
	\$000s	\$000s	\$000s	\$000s
<b>Sources of operating funding</b>				
General rate <sup>1</sup>	(10,317)	(10,317)	(13,157)	(10,001)
Targeted rates	2,676	2,676	2,678	2,676
Subsidies and grants for operating purposes	-	-	-	-
Fees, charges, and targeted rates for water supply	722	-	-	1,042
Fines, infringement fees, and other receipts <sup>2,3</sup>	27,125	23,946	89,430	22,366
<b>Total operating funding</b>	<b>20,206</b>	<b>16,305</b>	<b>78,951</b>	<b>16,083</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	(2,000)	(1,926)	(12,660)	(2,955)
Finance costs	(12,981)	(12,108)	(11,474)	(10,926)
Internal charges and overheads applied	(34)	-	(346)	(72)
<b>Total applications of operating funding</b>	<b>(15,015)</b>	<b>(14,034)</b>	<b>(24,480)</b>	<b>(13,953)</b>
<b>Surplus/(deficit) of operating funding</b>	<b>5,191</b>	<b>2,271</b>	<b>54,471</b>	<b>2,130</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Increase / (decrease) in debt	(20,151)	6,039	(1,674)	11,242
Gross proceeds from asset sales	18	38	19	106
<b>Total sources of capital funding</b>	<b>(20,133)</b>	<b>6,077</b>	<b>(1,655)</b>	<b>11,348</b>
<b>Applications of capital funding</b>				
- to meet additional demand	-	-	-	-
- to improve the level of service	-	-	(289)	-
- to replace existing assets	(102)	(118)	(1,296)	59
(Increase) / decrease in investments	3,453	(2,385)	(50,733)	(13,927)
(Increase) / decrease in reserves	11,591	(5,845)	(498)	390
<b>Total applications of capital funding</b>	<b>14,942</b>	<b>(8,348)</b>	<b>(52,816)</b>	<b>(13,478)</b>
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation on Investment assets</b>	<b>506</b>	<b>381</b>	<b>435</b>	<b>553</b>

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

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

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

Internal interest revenue	19,723	17,197	19,149	14,484
forestry sales revenue	-	-	10,119	65
Investment in Greater Wellington Rail Ltd <sup>3</sup>	-	-	50,307	-

Investment in GW Rail is now recorded under the Public Transport activity. It represents funds invested to purchase rail rolling stock and infrastructure that is held within the 100% owned subsidiary.

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

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

All figures on this page exclude GST

FINAL DRAFT

# Contents

## Financial statements

- Statement of comprehensive revenue and expense
- Statement of Financial Position
- Statements of changes in equity
- Statement of Cash flow
- Funding Impact Statement

## Financial Reserves

## Debt

### Notes to the financial statements

- 1 Reporting entity
- 2 Accounting policies
- 3 Revenue from exchange and non-exchange transactions
- 4 Other gains / (losses) - net
- 5 Employee benefits
- 6 Depreciation and amortisation
- 7 Other operating expenditure
- 8 Fair value movements
- 9 Taxation
- 10 Deferred tax
- 11 Cash and cash equivalents
- 12 Trade and other receivables
- 13 Inventories
- 14 Other financial assets
- 15 Aggregate joint venture information
- 16 Property, plant and equipment
- 17 Intangible assets
- 18 Insurance coverage, asset values and contingency funds
- 19 Investment properties
- 20 Investments in subsidiaries and associates
- 21 Derivative financial instruments
- 22 Trade and other payables
- 23 Debt
- 24 Employee benefit liabilities
- 25 Provisions
- 26 Reconciliation of operating surplus / (deficit) with cashflow from operating activities
- 27 Financial instruments
- 28 Contingencies
- 29 Related party transactions
- 30 Remuneration
- 31 Capital commitments and operating leases
- 32 Severance payments
- 33 Rating base information
- 34 Major variances between actual and budget
- 35 Events occurring after the balance date



**Statement of Comprehensive Revenue and Expense  
For the year ended 30 June 2016**

		<b>Council</b>		<b>Group</b>	
	Note	<b>Actual 2016 \$'000</b>	<b>Budget 2016 \$'000</b>	Actual 2015 \$'000	Actual 2015 \$'000
<b>Operating revenue</b>					
Rates and levies	3	136,044	136,952	126,321	126,321
Transport operational grants and subsidies	3	65,408	64,563	57,912	57,912
Transport Improvement grants and subsidies	3	14,053	17,493	9,872	9,872
Other revenue	3	24,954	21,316	28,270	96,576
		<u>240,459</u>	<u>240,324</u>	222,375	312,133
Other gains / (losses) - net	4	(2,409)	(129)	286	1,042
<b>Total operating revenue and gains</b>		<u>238,050</u>	<u>240,195</u>	222,661	291,723
<b>Operating expenditure</b>					
Employee benefits	5	(41,243)	(40,892)	(39,941)	(61,883)
Grants and subsidies		(94,260)	(94,577)	(86,757)	(81,255)
Depreciation and amortisation	6	(17,624)	(18,519)	(18,385)	(40,318)
Finance costs		(12,464)	(15,427)	(10,248)	(20,282)
Other operating expenses	7	(66,894)	(61,270)	(57,791)	(99,710)
Transport improvement expenditure		(784)	(1,963)	(5,374)	(5,374)
<b>Total operating expenditure</b>		<u>(233,269)</u>	<u>(232,648)</u>	(218,496)	(299,371)
<b>Operating surplus/(deficit) before other items and tax</b>		4,781	7,547	4,165	(12,338)
Share of associate's surplus/(deficit)		-	-	-	13,379
<b>Other fair value changes</b>					
Fair value - Other assets	8	227	227	210	227
Fair value of investment properties	8	-	-	-	3,027
Biological assets	8	3,183	-	665	3,183
Gain / (loss) financial instruments	8	(38,084)	555	(20,393)	(45,697)
<b>Total fair value movements</b>	8	<u>(34,674)</u>	<u>782</u>	(19,518)	(39,260)
<b>Surplus/(deficit) before tax</b>		<u>(29,893)</u>	<u>8,329</u>	(15,353)	(19,984)
Tax (expense)/benefit	9	-	-	-	(10,827)
Surplus from continuing operations		<u>(29,893)</u>	<u>8,329</u>	(15,353)	(49,046)
<b>Operating surplus / (deficit) after tax</b>		<u>(29,893)</u>	<u>8,329</u>	(15,353)	(49,046)
<b>Other comprehensive revenue and expenses</b>					
Increases / (decreases) in revaluations		-	-	919	(247)
<b>Total other comprehensive income</b>		-	-	919	(247)
<b>Total comprehensive income</b>		<u>(29,893)</u>	<u>8,329</u>	(14,434)	(49,293)
<b>Surplus is attributable to:</b>					
<b>Attributed to:</b>					
Equity holders of the Parent		(29,893)	8,329	(14,434)	(53,427)
Non-controlling interest		-	-	-	4,134
		<u>(29,893)</u>	<u>8,329</u>	(14,434)	(49,293)
					(18,292)
					3,156
					<u>(15,136)</u>

**Statement of Financial Position**  
**As at 30 June 2016**

		<b>Council</b>		<b>Group</b>		
	Note	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	11	2,281	29,145	6,225	3,273	7,113
Trade and other receivables	12	42,199	32,598	38,977	45,866	45,811
Other financial assets	14	47,257	-	60,336	47,257	60,336
Inventories	13	3,097	-	3,120	16,503	16,175
Derivatives	21	-	-	9	-	9
Current tax receivables		-	-	-	621	226
Investment Property	19	-	-	-	-	3,600
<b>Total current assets</b>		<b>94,834</b>	<b>61,743</b>	108,667	<b>113,520</b>	133,270
<b>Non-current assets</b>						
Other financial assets	14	46,778	59,107	26,917	46,778	26,917
Property, plant and equipment	16	858,309	879,737	862,207	1,467,045	1,362,795
Intangible assets	17	9,017	-	4,844	12,063	7,911
Investments in subsidiaries and associates	20	231,215	361,961	120,285	-	-
Investment property	19	-	-	-	37,272	39,534
Derivatives	21	293	-	1,358	293	1,358
Investments accounted for using the equity method		-	-	-	210	147
Deferred tax assets	10	-	-	-	15,192	10,240
Investments in joint ventures	15	-	-	-	90,990	83,728
<b>Total non-current assets</b>		<b>1,145,612</b>	<b>1,300,805</b>	1,015,611	<b>1,669,843</b>	1,532,630
<b>Total assets</b>		<b>1,240,446</b>	<b>1,362,548</b>	1,124,278	<b>1,783,363</b>	1,665,900
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Derivatives	21	329	-	242	365	652
Trade and other payables	22	35,302	33,195	34,040	36,344	34,204
Interest bearing liabilities	23	57,383	21,253	24,288	58,259	25,297
Employee benefits liabilities	24	2,501	-	2,381	5,641	5,867
Provisions	25	310	-	1,200	310	1,200
Other current liabilities		-	-	-	-	360
<b>Total current liabilities</b>		<b>95,825</b>	<b>54,448</b>	62,151	<b>100,919</b>	67,580
<b>Non-current liabilities</b>						
Interest bearing liabilities	23	255,000	329,059	177,737	401,050	323,758
Derivatives	21	55,072	-	19,968	74,145	31,054
Employee benefits liabilities	24	583	-	563	1,489	839
Deferred tax liabilities	10	-	-	-	92,958	79,003
<b>Total non-current liabilities</b>		<b>310,655</b>	<b>329,059</b>	198,268	<b>569,642</b>	434,654
<b>Total liabilities</b>		<b>406,480</b>	<b>383,507</b>	260,419	<b>670,561</b>	502,234
<b>Net assets</b>		<b>833,966</b>	<b>979,041</b>	863,859	<b>1,112,802</b>	1,163,666
<b>EQUITY</b>						
Retained earnings	1	318,759	482,563	358,963	511,156	574,647
Other reserves		515,207	496,478	504,896	552,467	542,403
Minority interest		-	-	-	49,179	46,616
<b>Total equity</b>		<b>833,966</b>	<b>979,041</b>	863,859	<b>1,112,802</b>	1,163,666

1. 10 Year Plan 2015-25 misstatement - over stated by \$96m

**Statement of Changes in Equity  
For the year ended 30 June 2016**

	Actual 2016 \$'000	Council Budget 2016 \$'000	Actual 2015 \$'000	Group Actual 2016 \$'000	Actual 2015 \$'000
<b>Opening Equity</b>	863,859	970,712	878,293	1,163,666	1,181,394
Total comprehensive revenue & expenses previously reported	(29,893)	8,329	(14,434)	(49,293)	(15,136)
Dividend to non-controlling interest	-	-	-	(1,571)	(1,582)
Other adjustment	-	-	-	-	(1,010)
<b>Total closing equity at 30 June</b>	<b>833,966</b>	<b>979,041</b>	863,859	<b>1,112,802</b>	1,163,666
<b>Components of equity</b>					
<b>Asset revaluation reserves</b>					
Opening asset revaluation reserves	477,257	476,339	476,338	514,809	514,245
Asset revaluation movements	-	-	919	(247)	564
Transfers to accumulated funds	(1,466)	-	-	(1,466)	-
<b>Closing asset revaluation reserve</b>	<b>475,791</b>	<b>476,339</b>	477,257	<b>513,096</b>	514,809
<b>Other reserves</b>					
Opening other reserves	27,639	25,958	26,584	27,594	27,318
Transfers to accumulated funds	(8,353)	(5,819)	(5,359)	(8,353)	(5,359)
Transfers from accumulated funds	19,035	-	5,415	19,035	5,415
Interest earned	1,095	-	999	1,095	999
Other transfers from reserves	-	-	-	-	(779)
<b>Closing other reserves</b>	<b>39,416</b>	<b>20,139</b>	27,639	<b>39,371</b>	27,594
<b>Retained earnings</b> <sup>1</sup>					
Opening accumulated funds	358,963	468,415	375,371	621,263	639,832
Operating surplus / (deficit) after tax	(29,893)	8,329	(15,353)	(49,046)	(15,700)
Interest allocated to reserves	(1,095)	-	(999)	(1,095)	(999)
Other transfers to reserves	(19,035)	-	(5,415)	(19,035)	5,359
Transfers from reserves	8,353	5,819	5,359	8,353	(5,415)
Dividend to non-controlling interest	-	-	-	(1,571)	(1,582)
Other transfers from reserves	1,466	-	-	1,466	-
Other adjustment	-	-	-	-	(232)
<b>Closing accumulated funds</b>	<b>318,759</b>	<b>482,563</b>	358,963	<b>560,335</b>	621,263
<b>Total closing equity at 30 June</b>	<b>833,966</b>	<b>979,041</b>	863,859	<b>1,112,802</b>	1,163,666

1. 10 Year Plan 2015-25 misstatement - over stated by \$96m

**Statement of Cash Flow**  
**For the year ended 30 June 2016**

	<b>Actual</b>	<b>Council</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
Note	<b>2016</b>	<b>Budget</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
				<b>Group</b>	
Receipts from customers	-	-	-	<b>73,533</b>	68,896
Rates revenue received	<b>110,892</b>	<b>109,352</b>	99,249	<b>110,892</b>	99,249
Water supply levy received	<b>27,604</b>	<b>27,600</b>	26,276	<b>27,604</b>	26,276
Government subsidies received	<b>70,345</b>	<b>82,056</b>	67,008	<b>70,345</b>	67,008
Interest received	<b>4,368</b>	<b>5,212</b>	5,280	<b>4,142</b>	4,919
Dividends received	<b>2,481</b>	<b>1,071</b>	133	<b>5,899</b>	4,148
Fees, charges and other revenue	<b>33,049</b>	<b>14,904</b>	14,528	<b>29,667</b>	12,588
Subvention received	-	-	-	<b>405</b>	-
Payments to suppliers and employees	<b>(119,996)</b>	<b>(198,703)</b>	(96,531)	<b>(182,756)</b>	(141,904)
Payment of grants and subsidies	<b>(95,045)</b>	-	(92,131)	<b>(82,040)</b>	(92,131)
Interest paid	<b>(12,105)</b>	<b>(15,427)</b>	(9,854)	<b>(20,058)</b>	(19,197)
Income tax paid / (refund)	-	-	-	<b>(2,617)</b>	(760)
<b>Net cash from (used in) operating activities</b>	<b>21,593</b>	<b>26,065</b>	13,958	<b>35,016</b>	29,092
26					
<b>Cash flows from investing activities</b>					
Sale of property, plant and equipment	77	<b>523</b>	2,204	<b>78</b>	13,684
Purchase of property, plant and equipment	<b>(17,475)</b>	<b>(31,535)</b>	(22,002)	<b>(29,115)</b>	(33,239)
Purchase of intangible assets	-	-	(289)	<b>(315)</b>	(289)
Development of investment properties	-	-	-	<b>(311)</b>	-
Acquisition of investments	<b>(116,678)</b>	<b>(139,623)</b>	(54,198)	<b>(116,678)</b>	(54,209)
Disposal of investments	-	-	37,094	-	37,094
Investment in joint venture	-	-	-	<b>(40)</b>	-
<b>Net cash flow from investing activities</b>	<b>(134,076)</b>	<b>(170,635)</b>	(37,191)	<b>(146,381)</b>	(36,959)
<b>Cash flows from financing activities</b>					
Loan funding	<b>108,539</b>	<b>165,544</b>	6,416	<b>108,567</b>	-
Repayment of intercompany current account	-	-	3,526	-	-
Debt repayment	-	<b>(13,788)</b>	-	-	(5,655)
Dividends paid to non-controlling interests	-	-	-	<b>(1,569)</b>	(1,582)
<b>Net cash from financing activities</b>	<b>108,539</b>	<b>151,756</b>	9,942	<b>106,998</b>	(7,237)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(3,944)</b>	<b>7,186</b>	(13,291)	<b>(4,367)</b>	(15,104)
<b>Cash and cash equivalents at the beginning of year</b>	<b>6,225</b>	<b>21,959</b>	19,516	<b>7,113</b>	22,217
Acquisition of subsidiary	-	-	-	<b>527</b>	-
<b>Cash, cash equivalents, and bank overdrafts at the end of the year</b>	<b>2,281</b>	<b>29,145</b>	6,225	<b>3,273</b>	7,113
11					

**Funding Impact Statement  
For the year ended 30 June 2016**

	<b>Actual 2016 \$'000</b>	<b>Budget 2016 \$'000</b>	<b>Council Actual 2015 \$'000</b>	<b>Budget 2015 \$'000</b>
<b>Sources of operating funding</b>				
General rate	36,935	36,522	32,724	31,170
Targeted rates	71,500	72,830	67,320	68,110
Subsidies and grants for operating purposes	65,408	77,118	60,274	62,839
Interest and dividends from investments	8,445	6,283	8,266	6,401
Fees, charges, and targeted rates for water supply	2,315	4,582	2,693	4,091
Fines, infringement fees, and other receipts (1)	41,839	37,922	41,448	34,928
<b>Total operating funding</b>	<b>226,442</b>	<b>235,257</b>	<b>212,725</b>	<b>207,539</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	(199,161)	(198,704)	(190,357)	(189,932)
Finance costs	(12,464)	(15,427)	(10,248)	(10,760)
<b>Total applications of operating funding</b>	<b>(211,625)</b>	<b>(214,131)</b>	<b>(200,605)</b>	<b>(200,692)</b>
<b>Surplus / (deficit) of operating funding</b>	<b>14,817</b>	<b>21,126</b>	<b>12,120</b>	<b>6,847</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure (2)	14,053	4,938	9,872	9,279
Increase / (decrease) in debt	114,330	145,937	40,386	53,601
Gross proceeds from asset sales	331	523	1,712	337
<b>Total sources of capital funding</b>	<b>128,714</b>	<b>151,398</b>	<b>51,970</b>	<b>63,217</b>
<b>Applications of capital funding</b>				
- to meet additional demand	(3,251)	(2,720)	(1,154)	(1,445)
- to improve the level of service	(7,950)	(15,589)	(16,172)	(14,160)
- to replace existing assets	(10,309)	(13,226)	(5,007)	(9,139)
Increase / (decrease) in investments	(110,255)	(146,808)	(40,702)	(51,138)
Increase / (decrease) in reserves	(11,766)	5,819	(1,055)	5,818
<b>Total applications of capital funding</b>	<b>(143,531)</b>	<b>(172,524)</b>	<b>(64,090)</b>	<b>(70,064)</b>
<b>Surplus / (deficit) of funding</b>	<b>(14,817)</b>	<b>(21,126)</b>	<b>(12,120)</b>	<b>(6,847)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation on council assets	<b>17,624</b>	<b>18,519</b>	18,385	18,638
Water supply levy	<b>27,604</b>	<b>27,600</b>	26,276	26,276

(1) This includes the Water supply levy charged to Wellington, Hutt, Lower Hutt and Porirua city councils.

(2) Re-classification was undertaken to include grants for improvement and investments in 2016 actuals while it was excluded in the budget in the 10 Year Plan 2015-25.

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

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

All figures on this page exclude GST.

## Financial reserves

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

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

Other reserves are split into four categories:

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

Council created reserves	Purpose of the fund	Opening balance Jul-15 \$'000	Deposits \$'000	Withdrawals \$'000	Closing balance Jun-16 \$'000
<b>Area of benefit reserves</b>					
Regional Parks reserve	Any funding surplus or deficit relating to the provision of regional parks is used only on subsequent regional parks expenditure	760	578	(720)	618
Public transport reserve	Any funding surplus or deficit relating to the provision of public transport services is used only on subsequent public transport expenditure	8,097	15,384	(4,385)	19,096
Transport planning reserve	Any funding surplus or deficit relating to the provision of public transport planning services is used only on subsequent public transport planning expenditure	1,879	165	(395)	1,649
WRS reserve	Any funding surplus or deficit relating to the Wellington Regional Strategy implementation is used only on subsequent Wellington Regional Strategy expenditure.	679	183	-	862
Iwi reserve	Any funding surplus or deficit relating to the provision of iwi project fund is used only on subsequent iwi project funding expenditure	25	-	-	25
WREMO reserve	Contributions by other local authorities to run the WREMO	543	16	(349)	210
Catchment scheme reserves	Any funding surplus or deficit relating to the provision of flood protection and catchment management schemes is used only on subsequent flood protection and catchment management expenditure	6,737	1,096	(538)	7,295
Land management reserves	Any funding surplus or deficit relating to the provision of targeted land management schemes is used only on subsequent land management expenditure	1,941	472	(139)	2,274
<b>Contingency reserves</b>					
Environmental legal reserve	To manage the variation in legal costs associated with resource consents and enforcement	207	9	-	216
Flood contingency reserves	To help manage the costs for the repair of storm damage throughout the region.	1,503	472	-	1,975
Rural fire reserve	To help manage the costs of rural fire equipment.	66	3	-	69
<b>Special reserves</b>					
Election reserve	To manage the variation in costs associated with the election cycle	458	101	-	559
Corporate systems reserve	To manage the variation in costs associated with key IT infrastructure and software.	3,665	413	(748)	3,330

LTP reserve		-	163	-	163
Re-budget reserve	Expenditure that has been rated for in 2015/16 when the project will not be completed until 2016/17	<u>1,079</u>	<u>1,075</u>	<u>(1,079)</u>	<u>1,075</u>
		<u>27,639</u>	<u>20,130</u>	<u>(8,353)</u>	<u>39,416</u>

All figures on this page exclude GST

FINAL DRAFT

Debt  
As at 30 June 2016

	Opening balance 2015 \$'000	Additions \$'000	Repayments \$'000	Closing balance 2016 \$'000	Finance costs \$'000
<b>Regional leadership</b>					
Strategic planning	331	-	(167)	164	18
Wairarapa Water	2,430	869	-	3,299	165
Warm Wellington	10,730	2,695	(1,888)	11,537	740
<b>Public transport</b>					
Public transport	123,773	123,267	(7,441)	239,599	10,063
<b>Water supply</b>					
Water supply	66,309	5,808	(2,751)	69,366	4,157
<b>Environment</b>					
Environment	1,410	133	(328)	1,215	90
<b>Flood protection and control works</b>					
Flood protection and control works	54,430	7,117	(3,502)	58,045	3,494
<b>Parks</b>					
Parks	4,376	955	(486)	4,845	293
<b>Investments</b>					
Stadium	5,580	-	(2,270)	3,310	352
Property and other	5,371	1,506	(1,124)	5,753	360
	<u>274,740</u>	<u>142,350</u>	<u>(19,957)</u>	<u>397,133</u>	<u>19,732</u>
					<b>Council Actual 2016 \$'000</b>
Total activities debt					397,133
Treasury internal funding (1)					<u>(84,750)</u>
					<u>312,383</u>
					<u>312,383</u>
External debt (current)					57,383
External debt (non-current)					<u>255,000</u>
					<u>312,383</u>

(1) Greater Wellington Regional Council manages community outcome debt via an internal debt function. External investments and debt are managed through a central treasury management function in accordance with the Treasury Management Policy

All figures on this page exclude GST



## 1 Reporting entity

### 1.1 Reporting entity

Greater Wellington Regional Council (GWRC) is a regional local authority governed by the Local Government Act 2002. GWRC principal address is 2 Fryatt Quay, Wellington, New Zealand. The Group consists of GWRC and its subsidiaries as disclosed below.

The Council provides water, parks, transport, infrastructure, environmental regulation and monitoring to the Greater Wellington region for community and social benefit, rather than to make a financial return. Accordingly GWRC has designated its self and the Group as public benefit entities (PBE's) and applies New Zealand Tier 1 Public Sector Public Benefit Entity accounting standards (PBE Accounting Standards).

#### Statement of compliance

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

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

The financial statements of GWRC are for the year ended 30 June 2016. The financial statements were authorised for issue by Council on 29 September 2016.

#### Accounting judgements and estimations

The preparation of financial statements in conformity with PBE Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These results form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

#### (i) Property, Plants & Equipment and Investment Property

Operational Port Land was re-valued as at 31 December 2013. Investment property and Shed 39 were revalued to fair value as at 30 June 2016.

The board and management have undertaken a process to determine what constitute Investment Property and what constitute Property, Plant and Equipment. There is an element of judgement in this. There is a development Port plan, and those items of land that are considered integral to the operations of the port have been included in Operational Port Land. Land held specifically for capital appreciation or to derive rental income has been classed as Investment Property. The extent of future infrastructure costs that will be incurred to create investment property sites at Harbour Quays are estimated and they have been taken into account when determining the fair value of investment property.

#### (ii) Capital Works in Progress

This includes capital projects requiring resource consent to proceed. The Board and management regularly reviews these projects to determine whether the assumptions supporting the project proceeding continue to be valid. The Capital Works in Progress balance is carried forward on the basis the project have been determined that will proceed

#### (iii) Joint Control of Harbour Quays Special Purpose Vehicles (SPVs)

Notes 15 describes Harbour Quay A1 Limited, harbour Quays D4 Limited and Harbour Quays F1F2 Limited (the SPVs) as joint ventures of the Group although the SPVs are owned by CentrePort Properties Limited, a subsidiary of the CentrePort. The SPVs have issued mandatory convertible notes to the Accident Compensation Corporation (ACC). These notes provide the ACC with joint control over the SPVs. The SPVs have been accounted for as joint ventures of the Group.

In addition, the management has made the estimations and judgement for the useful life of assets as stated per note 2 – Depreciation and financial instruments categories in note 27 (e).

## 2 Accounting policies

### 2.1 Basis of preparation

The consolidated financial statements are presented in New Zealand dollars, rounded to the nearest thousand. The functional currency of the Group is New Zealand dollars. The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, forestry assets, derivative financial instruments and certain infrastructural assets that have been measured at fair value.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements with those used at 30 June 2015.

### 2.2 Basis of consolidation

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

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

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

All significant intercompany transactions are eliminated on consolidation.

## 2 Accounting policies (continued)

### 2.3 Revenue

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

#### (i) Rates and levies

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

#### (ii) Government grants and subsidies

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

#### (iii) User charges

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

#### (iv) Dividends

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

#### (v) Interest

Interest is accrued using the effective interest rate method. The effective interest rate method discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

#### (vi) Sales of goods

Other revenue is recognised when billed or earned on an accrual basis. Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Assets vested in the Group are recognised as revenue when control over the asset is obtained.

### 2.4 Borrowing costs

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

### 2.5 Property, plant and equipment

Property, plant and equipment consists of operational and infrastructure assets. Expenditure is capitalised when it creates a new asset or increases the economic benefits over the total life of an existing asset. Costs that do not meet the criteria for capitalisation are expensed.

The initial cost of property, plant and equipment includes the purchase consideration and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose.

Property, plant and equipment are categorised into the following classes:

Port buildings, wharves and paving

Operational port freehold land

Operational land and buildings

Operational plant and equipment

Operational vehicles

Flood protection infrastructural assets

Transport infrastructural assets

Rail rolling stock

Navigational aids infrastructural assets

Parks and forests infrastructural assets

Capital work in progress

## 2 Accounting policies (continued)

Regional water supply infrastructural assets

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

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

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

### Flood protection

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

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

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

### Parks and forests

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

### Public transport

Public transport infrastructural assets were valued as at 30 June 2014 by John Freeman, FPINZ, TechRICS, MACostE, Registered Plant and Machinery Valuer, a Director of Bayleys Valuations Limited as at 30 June 2014 using Optimised Depreciated Replacement Cost (ODRC) methodology.

### Regional water supply

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

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

Water catchment and rural-based assets were valued by Baker & Associates (Fergus T Rutherford, Registered valuer, BBS (VPM), ANZIV) as at 30 June 2013 using current market value methodology in compliance with PINZ Professional Practice (Edition 5) Valuation for Financial Reporting and NZ IAS 16 Property Valuation.

Greater Wellington Regional Council Group (including CentrePort Limited)

Operational port freehold land is stated at valuation determined every three years by an independent registered valuer. This class of asset was revalued at 31 December 2013. The basis of valuation is fair value which is determined by reference to the assets highest and best use as determined by an independent valuer.

## 2 Accounting policies (continued)

The fair value of operational port freehold land is recognised in the financial statements of the Group and reviewed at the end of each reporting period to ensure that the carrying value of land is not materially different from its fair value. Any revaluation increase of operational port land is recognised in other comprehensive income and accumulated as a separate component of equity in the properties revaluation reserve, except to the extent it reverses a previous revaluation decrease for the same asset previously recognised in the statement of comprehensive income, in which case the increase is credited to the statement of comprehensive income to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is charged to the statement of comprehensive income to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of port operational land.

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

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

The assets were recognised in the Group accounts via the statement of comprehensive income. Greater Wellington Rail public transport rail station infrastructural assets and its Ganz Mavag rolling stock were valued by Bayleys at depreciated replacement cost at 30 June 2014.

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

The remaining property, plant and equipment is recorded at cost, less accumulated depreciation and impairment. Cost represents the value of the consideration given to acquire the assets and the value of other directly attributable costs that have been incurred in bringing the assets to the location and condition necessary for their intended service. All property, plant and equipment, except land, are depreciated.

### Depreciation

Depreciation is provided on a straight-line basis on all tangible property, plant and equipment, other than land and capital works in progress, at rates which will write off assets, less their estimated residual value over their remaining useful lives.

The useful lives of major classes of assets have been estimated as follows:

Port, wharves and paving	10 to 50 years
Operational port freehold land	Indefinite
Operational land and buildings	10 years to indefinite
Operational plant and equipment	2 to 20 years
Operational vehicles	3 to 10 years
Flood protection infrastructural assets	15 years to indefinite
Transport infrastructural assets	5 to 50 years
Rail rolling stock	5 to 30 years
Navigational aids infrastructural assets	5 to 50 years
Parks and forests infrastructural assets	10 to 80 years
Regional water supply infrastructural assets	3 to 150 years

Capital work in progress is not depreciated. Stopbanks included in the flood protection infrastructure asset class are maintained in perpetuity. Annual inspections are undertaken to ensure design standards are being maintained and to check for impairment. As such, stopbanks are considered to have an indefinite life and are not depreciated.

## 2 Accounting policies (continued)

### 2.6 Intangible assets

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the statement of comprehensive income.

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

Software	2 to 5 years
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### New Zealand Emission Trading Scheme

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

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

### 2.7 Investment properties

Investment properties, which is property held to earn rentals and/or for capital appreciation, is measured at its fair value at the reporting date. Gains or losses arising from changes in fair value of investment property are included in profit or loss in the period in which they arise. The Group has three classes of investment properties:

1. Developed investment properties
2. Land available for development
3. Investment property under development

Shed 39 is treated as an investment property within the WRC Holdings Group, and as property, plant and equipment within the Group's accounts. Gains or losses arising from changes in fair value of investment properties are included in the statement of comprehensive income in the period in which they arise.

### 2.8 Impairment

(i) **All assets are reviewed annually to determine if there is any indication of impairment.**

An impairment loss is recognised when its carrying amount exceeds its recoverable amount. Losses resulting from impairment are accounted for in the statement of comprehensive income, unless the asset is carried at a revalued amount, in which case any impairment loss is treated as a revaluation decrease.

### 2.9 Other financial assets

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

The Group's financial assets are categorised as follows:

Financial assets at fair value accounted through operating surplus or deficit

Financial assets are classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Gains or losses on re-measurement are recognised in operating surplus or deficit. Financial assets acquired principally for the purpose of selling in the short term or part of a portfolio classified as held for trading are classified as a current asset. The current / non-current classification of derivatives is explained in the derivatives accounting policy below.

- Financial assets at fair value accounted through other comprehensive income

## 2 Accounting policies (continued)

Financial assets are classified in this category if they were not acquired principally for selling in the short term. After initial recognition, these assets are measured at their fair value. Any gains and losses are recognised directly to equity, except for impairment losses which are recognised in other comprehensive income.

Available-for-sale financial assets are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets are initially recorded at fair value plus transaction costs when it can be reliably estimated. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised directly through equity. If there is no active market, no intention to sell the asset and fair value can not be reliably measured, the item is measured at cost.

- Loans and receivables
- These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets. After initial recognition they are measured at amortised costs using the effective interest method. Gains and losses when the asset is impaired or sold are accounted for in the statement of comprehensive income.
- Held to maturity investments

These are assets with fixed or determinable payments with fixed maturities that the Group has the intention and ability to hold to maturity.

After initial recognition they are recorded at amortised cost using the effective interest method. Gains and losses when the asset is impaired or settled are recognised in the statement of comprehensive income.

### Impairment of financial assets

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

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

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

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

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

Equity investment impairment losses recognised in the surplus or deficit are not reversed through the statement of comprehensive income.

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

Cash and cash equivalents comprise cash balances and call deposits with up to three months maturity from the date of acquisition. These are recorded at their nominal value.

### Other financial assets

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

## 2 Accounting policies (continued)

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

### Financial liabilities

Financial liabilities comprise trade, other payables and borrowings. Financial liabilities with duration of more than 12 months are recognised initially at fair value less transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method. Amortisation is recognised in the statement of comprehensive income, as is any gain or loss when the liability is settled. Financial liabilities entered into with duration of less than 12 months are recognised at their nominal value.

### 2.10 Derivative financial instruments and hedge accounting

The Parent uses derivative instruments to hedge exposure to interest rate risks arising from financing activities

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

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

The fair value of an interest rate swap is the estimated amount that the Group would receive or pay to terminate the swap at balance date, based on current interest rates. The fair value of forward exchange contracts is their quoted market price at balance date.

### 2.11 Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value, less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. The sale of the asset or disposal group is expected to be completed within one year from the date of classification.

### 2.12 New Zealand Local Government Funding Agency

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

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

GWRC is not aware of any local authority debt default events in New Zealand; and

Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

### 2.13 Inventory

Inventories are valued at the lower of cost or net realisable value on a first-in first-out basis. The value of harvested timber is its fair value, less estimated point-of-sale costs at the date of harvest. Any change in value at the date of harvest is recognised in the statement of comprehensive income.

### 2.14 Income tax

Income tax in the statement of comprehensive income for the year comprises current and deferred tax. Income tax is usually recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity.



## 2 Accounting policies (continued)

Deferred tax is provided using the balance sheet liability method. This provides for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures, except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

### 2.15 Foreign currency

In the event that the Group has any material foreign currency risk, it will be managed by derivative instruments to hedge the currency risk.

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at balance date are translated to New Zealand dollars at the foreign exchange rate ruling at that date. Foreign exchange gains and losses arising on their translation are recognised in the statement of comprehensive income.

### 2.16 Employee entitlements

A provision for employee entitlements is recognised as a liability in respect of benefits earned by employees but not yet received at balance date. Employee benefits include salaries, annual leave and long service leave. Where the benefits are expected to be paid for within 12 months of balance date, the provision is the estimated amount expected to be paid by the Group. The provision for other employee benefits is stated at the present value of the future cash outflows expected to be incurred.

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the statement of comprehensive income as incurred. GWRC belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme. Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

### 2.17 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an amount will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability

### 2.18 Goods and services tax

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

### 2.19 Leases

The Group leases office space, office equipment, vehicles, land, buildings and wharves. Operating lease payments, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are charged as expenses in the periods in which they are incurred.

### 2.20 Overhead allocation and internal transactions

GWRC allocates overhead from support service functions on a variety of different bases that are largely determined by usage. The treasury operation of GWRC is treated as an internal banking activity. Any surplus generated is credited directly to the statement of comprehensive income.

## 2 Accounting policies (continued)

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

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

### 2.21 Equity

Equity is the community's interest in the Group and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of components to enable clearer identification of the specified uses of equity within the Group. The components of equity are accumulated funds, revaluation reserves and other reserves.

### 2.22 Statement of cash flow

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

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

Investing activities are those activities relating to the acquisition and disposal of non-current assets. Financing activities comprise the change in equity and debt capital structure.

### 2.23 Budget figures

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

### 3 Revenue from exchange and non-exchange transactions

	Actual 2016 \$'000	Council Budget 2016 \$'000	Actual 2015 \$'000	Group Actual 2016 \$'000	Actual 2015 \$'000
<b>Revenue from exchange transactions:</b>					
Water supply	27,604	27,600	26,276	27,604	26,276
Subsidiaries revenue	-	-	-	79,864	71,750
Dividends	3,699	2,620	2,493	121	133
Logging revenue	-	-	65	-	65
Interest received	4,746	3,663	5,773	4,625	5,569
Other exchange revenue	1,409	1,233	1,341	1,560	1,341
<b>Total exchange</b>	<b>37,458</b>	<b>35,116</b>	<b>35,948</b>	<b>113,774</b>	<b>105,134</b>
<b>Revenue from non-exchange transactions:</b>					
General rates	36,935	36,521	32,724	36,935	32,724
Targeted rates	71,505	72,830	67,321	71,505	67,321
Rates, remissions & rebates	680	1,050	656	680	656
Grants & subsidises	65,408	64,563	57,912	65,408	57,912
Transport improvement grants	14,053	17,493	9,872	14,053	9,872
Provision of goods & services	14,420	12,751	17,942	9,778	17,062
<b>Total non-exchange</b>	<b>203,001</b>	<b>205,208</b>	<b>186,427</b>	<b>198,359</b>	<b>185,547</b>
<b>Total exchange and non-exchange</b>	<b>240,459</b>	<b>240,324</b>	<b>222,375</b>	<b>312,133</b>	<b>290,681</b>

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

	Actual 2016 \$'000	Council Budget 2016 \$'000	Actual 2015 \$'000	Group Actual 2016 \$'000	Actual 2015 \$'000
Gain on disposal of property, plant and equipment	(2,409)	(129)	286	(1,351)	1,397
Gain/(loss) on disposal of subsidiary	-	-	-	-	(355)
<b>Total other gains / (losses) - net</b>	<b>(2,409)</b>	<b>(129)</b>	<b>286</b>	<b>(1,351)</b>	<b>1,042</b>

## 5 Employee benefits

	Actual 2016 \$'000	Council Budget 2016 \$'000	Actual 2015 \$'000	Group Actual 2016 \$'000	Actual 2015 \$'000
Salaries and wages	38,869	38,649	37,682	60,095	58,805
Defined contribution plan employer contributions	2,374	2,243	2,259	3,172	3,078
<b>Total personnel costs</b>	<b>41,243</b>	<b>40,892</b>	<b>39,941</b>	<b>63,267</b>	<b>61,883</b>

## 6 Depreciation and amortisation

	Actual 2016 \$'000	Council Actual 2015 \$'000	Actual 2016 \$'000	Group Actual 2015 \$'000
Port wharves and paving	-	-	2,710	2,729
Land and buildings	181	170	1,003	996
Plant and equipment	1,241	1,107	4,478	3,929
Rail rolling stock	-	-	12,972	12,415
Rail infrastructure	-	-	3,630	2,984
Motor vehicles	846	1,058	846	1,058
Flood protection	626	726	626	723
Water infrastructure	10,822	11,303	10,822	11,302
Transport infrastructure	871	738	871	741
Navigational aids	77	78	77	78
Parks and forests	2,120	2,108	2,120	2,108
Amortisation - Computer software	840	1,097	1,022	1,255
	<b>17,624</b>	<b>18,385</b>	<b>41,177</b>	<b>40,318</b>

## 7 Other operating expenditure

	Actual 2016 \$'000	Council Budget 2016 \$'000	Actual 2015 \$'000	Group Actual 2016 \$'000	Actual 2015 \$'000
<b>Other operating expenses</b>					
Fees to principal auditor for financial statements audit	204	190	196	311	349
Fees to principal auditor for Long Term Plan and other services	-	14	145	-	145
Other services provided by other auditor	-	-	-	15	-
Impairment of trade receivables	(541)	-	171	(541)	171
Insurance	1,515	1,865	1,709	5,244	6,995
Directors' fees	-	-	-	483	385
Fees for accounting services	-	-	-	52	76
Subscriptions LGNZ	670	198	444	670	444
Operating lease rentals	1,803	1,624	2,145	2,679	2,379
Energy and utilities	2,942	2,809	2,662	5,249	5,114
Councillor fees and costs	1,185	1,171	1,152	1,185	1,152
Repairs and maintenance expenses	4,792	5,298	4,258	23,095	23,819
Materials and Supplies	13,773	8,986	13,451	14,911	13,451
Contractors and consultants	35,212	30,631	26,293	36,511	26,641
Other operating expenses	5,339	8,484	5,165	26,118	18,589
<b>Total other expenditure</b>	<b>66,894</b>	<b>61,270</b>	<b>57,791</b>	<b>115,982</b>	<b>99,710</b>

## 8 Fair value movements

	Actual 2016 \$'000	Council Budget 2016 \$'000	Actual 2015 \$'000	Group Actual 2016 \$'000	Actual 2015 \$'000
<b>Fair value movements in other assets</b>					
Stadium advance	227	227	210	227	210
	<u>227</u>	<u>227</u>	<u>210</u>	<u>227</u>	<u>210</u>
<b>Fair value movements in financial instruments</b>					
Loans	(1,819)	(1,819)	(1,684)	(1,819)	(1,684)
Interest rate swaps	(36,265)	2,374	(18,709)	(43,878)	(23,755)
	<u>(38,084)</u>	<u>555</u>	<u>(20,393)</u>	<u>(45,697)</u>	<u>(25,439)</u>
<b>Fair value change in biological assets</b>					
Forestry investment	-	-	-	-	-
Carbon credits	3,183	-	665	3,183	665
	<u>3,183</u>	<u>-</u>	<u>665</u>	<u>3,183</u>	<u>665</u>
<b>Fair value movements of investment properties</b>					
Investment properties (developed property)	-	-	-	3,027	4,517
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,027</u>	<u>4,517</u>
	<u>(34,674)</u>	<u>782</u>	<u>(19,518)</u>	<u>(39,260)</u>	<u>(20,047)</u>

## 9 Taxation

	Council		Group	
	Actual 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
<b>(a) Income tax recognised in profit or loss</b>				
<b>Tax expense / (benefit) comprises:</b>				
Current tax expense / (benefit)	-	-	1,824	(197)
Deferred tax expense / (income) relating to the origination and reversal of temporary differences	-	-	9,003	(4,087)
Impact of changes to building depreciation	-	-	-	-
<b>Tax expense</b>	<b>-</b>	<b>-</b>	<b>10,827</b>	<b>(4,284)</b>

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

Surplus / (deficit) from operations	(29,893)	(15,353)	(38,219)	(19,984)
<b>Surplus / (deficit) before taxation</b>	<b>(29,893)</b>	<b>(15,353)</b>	<b>(38,219)</b>	<b>(19,984)</b>
Income tax expense / (benefit) calculated at 28%	(8,370)	(4,299)	(10,701)	(5,596)
Surplus / (deficit) not subject to taxation				
Non-deductible expenses	74,790	65,215	79,953	69,658
Non-assessable income	(67,223)	(62,031)	(74,068)	(67,728)
Land and buildings reclassification	-	-	(784)	(1,265)
Tax loss offsets from or subventions paid to Group companies	-	-	-	40
Unused tax losses and temporary differences not recognised as deferred tax assets	1,499	1,143	-	-
Tax effect of imputation credits	(661)	-	(661)	-
Temporary differences	-	-	17,030	1,888
Permanent differences	-	-	(130)	(1,313)
(Under) / over provision of income tax in previous year	(35)	(28)	188	32
<b>Tax expense</b>	<b>-</b>	<b>-</b>	<b>10,827</b>	<b>(4,284)</b>

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

	Council		Group	
	Actual 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
<b>Tax expense / (benefit) is attributable to:</b>				
Continuing operations	-	-	10,827	(4,284)
	<b>-</b>	<b>-</b>	<b>10,827</b>	<b>(4,284)</b>

## 9 Taxation (continued)

### (b) Tax loss sharing

On 22 September 1998 WRC Holdings Limited, its wholly owned subsidiaries and CentrePort Limited entered into a Tax Loss Sharing Agreement under which the WRC Holdings Group will receive subvention payments from CentrePort Limited equivalent to 33% of its available losses (now 28%), with the balance of losses offset, where the companies elect to do so. During the 2016 year, no subvention payments were made (2015: Nil) and no loss offsets occurred (2015: Nil).

The 2016 financial statements for the parent do not include any subvention payments to be received (2015: Nil) for utilisation of the GWRC's net losses.

## 10 Deferred tax

	Council		Group	
	Actual 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
<b>The balance comprises temporary differences attributable to:</b>				
Tax losses	-	-	(8,823)	(6,028)
Temporary differences	-	-	(6,369)	(4,212)
	<u>-</u>	<u>-</u>	<u>(15,192)</u>	<u>(10,240)</u>
<i>Other</i>				
Temporary differences	-	-	92,958	79,003
Sub-total other	<u>-</u>	<u>-</u>	<u>92,958</u>	<u>79,003</u>
Total deferred tax liabilities	<u>-</u>	<u>-</u>	<u>77,766</u>	<u>68,763</u>



Taxable and deductible temporary differences arising from the following:

**Movements - Group**

	Investment properties \$'000	Property, plant and equipment \$'000	Trade and other payables \$'000	Other financial liabilities \$'000	Tax losses \$'000	Total \$'000
<b>Balance at 1 July 2014</b>	(187)	(79,648)	997	1,826	4,162	(72,850)
Charged to income	(369)	1,201	4	1,385	1,866	4,087
<b>Balance at 30 June 2015</b>	<u>(556)</u>	<u>(78,447)</u>	<u>1,001</u>	<u>3,211</u>	<u>6,028</u>	<u>(68,763)</u>

**Group**

<b>Balance at 1 July 2015</b>	(556)	(78,447)	1,001	3,211	6,028	(68,763)
Change to income	(422)	(13,533)	18	2,139	2,795	(9,003)
<b>Balance at 30 June 2016</b>	<u>(978)</u>	<u>(91,980)</u>	<u>1,019</u>	<u>5,350</u>	<u>8,823</u>	<u>(77,766)</u>

	Council Actual 2016 \$'000	Actual 2015 \$'000	Group Actual 2016 \$'000	Actual 2015 \$'000
Tax losses	3,450	1,951	-	-
Temporary differences	-	-	-	-
	<u>3,450</u>	<u>1,951</u>	<u>-</u>	<u>-</u>

**Tax losses not recognised**

GWRC has \$12.322 million of unrecognised tax losses at Parent level (2015: \$6.968 million) available to be carried forward and to be offset against taxable income in the future. The tax effect of losses at 28% was \$3.450 million (2015: \$1.951 million).

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

## 11 Cash and cash equivalents

	Council		Group	
	Actual 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
Cash at bank and in hand	2,096	(669)	3,088	219
Short term deposits maturing three months or less from date of acquisitions	-	6,500	-	6,500
Water supply contingency investment	59	-	59	-
Material damage property insurance fund	126	394	126	394
<b>Total cash and cash equivalents</b>	<b>2,281</b>	<b>6,225</b>	<b>3,273</b>	<b>7,113</b>

Cash-at-bank and on-hand earns interest at the official cash rate. Short-term deposits are made for varying terms of between one day and three months depending on the immediate cash requirements of the Council and the Group. They earn interest at the respective short-term deposit rates and the fair value of cash and cash equivalents is the stated value.

The negative balance in cash at bank as per 30 June 2015 was caused by a payment run occurring on the last day of the financial year resulting in a timing difference of cash flows.

As at 30 June 2016 there is no bank deposit (2015: \$6.5 million, 3.68%). Bank deposits are available for day to day cash management and are recorded at fair value.

As at 30 June 2016 there is a \$59,000 (2015: \$0) water supply contingency investment with an interest rate of 3.05% (2015: 0%). Bank deposits are available for day to day cash management and are recorded at fair value.

As at 30 June 2016 there is a \$126,000 (2015: \$394,000) material damage business interruption property insurance contingency investment which is invested at an interest rate of 3.05% (2015: 4.57%). Bank deposits are available for day to day cash management and are recorded at fair value.

## 12 Trade and other receivables

	Council		Group	
	Actual 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
<b>Non-exchange</b>				
Rates outstanding *	8,241	8,600	8,241	8,600
Trade Customers	10,138	11,364	25,056	18,242
Accrued revenue	8,374	13,310	8,410	15,623
Related party receivables	8,427	457	-	-
Less provision for impairment of receivables	(886)	(1,427)	(886)	(1,427)
Dividend Receivable	3,578	2,360	-	-
Other receivable	-	-	75	6
Prepayments	268	445	874	866
<b>Total debtors and other receivables from non-exchange</b>	<b>38,140</b>	<b>35,109</b>	<b>41,770</b>	<b>41,910</b>
<b>Exchange</b>				
Water levies receivables	2,345	2,532	2,345	2,532
Other receivable	1,714	1,336	1,728	1,340
Prepayments	-	-	23	29

## 12 Trade and other receivables (continued)

<b>Total debtors and other receivables from exchange transactions</b>	<b>4,059</b>	3,868	<b>4,096</b>	3,901
<b>Total debtors and other receivables</b>	<b>42,199</b>	38,977	<b>45,866</b>	45,811

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

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

### Provision for impairment of receivables

	Council		Group	
	Actual 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
Opening balance	(1,427)	(1,257)	(1,427)	(1,267)
Movement	541	(170)	541	(160)
Closing balance	<b>(886)</b>	(1,427)	<b>(886)</b>	(1,427)

The impairment provision has been determined based on a review of outstanding balances as at 30 June 2016.

	Council		Group	
	Actual 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
Not past due	41,354	38,187	43,552	43,885
Past due 31-60 days	86	336	335	1,220
Past due 61-90 days	303	62	928	225
Past due > 90 days	456	392	1,050	481
<b>Total gross trade receivables</b>	<b>42,199</b>	38,977	<b>45,865</b>	45,811

## 13 Inventories

	Council		Group	
	Actual 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
Harbours	-	6	-	6
Depots	124	39	124	39
Water supply	2,570	2,627	2,572	2,627
Rail	-	-	12,277	12,133
Wairarapa	364	409	364	409
Emergency management	39	39	39	39
CentrePort	-	-	1,127	922
<b>Total inventory</b>	<b>3,097</b>	3,120	<b>16,503</b>	16,175

No inventories are pledged as securities for liabilities (2015: Nil)

## 14 Other financial assets

	Council		Group	
	Actual 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
Stadium advance	3,060	2,833	3,060	2,833
Civic assurance	80	80	80	80
New Zealand Local Government Funding Agency Limited shares	1,866	1,866	1,866	1,866
New Zealand Local Government Funding Agency Limited shares borrower notes	4,080	2,480	4,080	2,480
Warm Wellington funding	11,537	10,730	11,537	10,730
Bank deposits with maturity terms more than three months	23,000	23,000	23,000	23,000
Wellington Water Limited shares	150	150	150	150
Other investments (bonds and notes)	10,000	10,000	10,000	10,000
Water supply contingency investment	25,679	22,831	25,679	22,831
Material damage property insurance contingency fund	9,094	8,143	9,094	8,143
Major Flood recovery fund	5,489	5,140	5,489	5,140
	<u>94,035</u>	<u>87,253</u>	<u>94,035</u>	<u>87,253</u>
Current financial assets	47,257	60,336	47,257	60,336
Non-current financial assets	46,778	26,917	46,778	26,917
<b>Total other financial assets</b>	<u>94,035</u>	<u>87,253</u>	<u>94,035</u>	<u>87,253</u>

### Airtel Limited

GWRC 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. GWRC was previously a member of the association.

### Advance to Wellington Regional Stadium Trust

GWRC advanced \$25 million to the Wellington Regional Stadium Trust in August 1998. The advance is on an interest free basis with limited rights of recourse. The obligations of Greater Wellington to fund the Trust are defined under a Funding Deed dated 30 January 1998. Under the terms of this deed, any interest charged on the limited-recourse loan is accrued and added to the loan. At 30 June 2016 Greater Wellington expects that the advance will be fully repaid. The advance is not repayable until all non-settlor debts of the Trust are extinguished and is subject to the Trust's financial ability to repay debt at that time. The fair value has been determined using a future repayment timetable discounted at a rate of 8%. None of the other financial assets are either past due or impaired (2015: no impairment).

### Civic Assurance

GWRC holds 80,127 shares (2015: 80,127 shares) in the New Zealand Local Government Insurance Corporation, trading as Civic Assurance.

### New Zealand Local Government Funding Agency Limited

GWRC is a founding shareholder of the New Zealand Local Government Funding Agency Limited (LGFA) and holds 1,866,000 fully paid shares (2015: 1,866,000). It has also invested \$4,080,000 (2015: \$2,480,000) in LGFA borrower notes, which return on average 2.88% as at 30 June 16 (2015: 3.96%). The LGFA has the right to elect to convert the borrower notes into redeemable shares. This can only occur after it has fully called on its unpaid capital and only in the situation of their being at risk of imminent default.

### Warm Wellington

The Warm Wellington programme provides funding to ratepayers for home insulation and clean heating in association with the Energy Efficiency and Conservation Authority. Under this programme GWRC provides up to \$5,000 assistance to ratepayers. The assistance is fully recovered by way of a targeted rate on those ratepayers that participate in the programme.

The Warm Wellington Balance is classified as loans and receivable. Due to the difficulty of estimating accurately the future cash flows, we are carrying the actual balance at fair value rather than amortised cost. We consider the outstanding amount of the loan (principal plus interest) as the fair value.

## 14 Other financial assets (continued)

### Wellington Water Limited

GWRC has invested \$150,000 in shares with Wellington Water Limited. Wellington Water manages water treatment and supply, storm water and waste service delivery in the Wellington Region.

### Other Investments (bonds and notes)

Bank bonds/notes are not exchange traded and the fair value is the stated value. The amount receivable at maturity is \$10,000,000 (2015: \$10,000,000). The interest rate is 4.89% (2015: 4.89%)

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

GWRC has invested \$23,000,000 (2015: \$23,000,000) of its funds in short term deposits with a rate of 3.38% (2015: 4.45%). They are recorded at fair value.

### Water supply contingency fund

GWRC is holding \$25,679,000 (2015: \$22,831,000). This is invested as follows: \$12,155,000 (2015: 22,831,000) in term deposits, \$7,000,000 (2015: \$nil) in a Floating Rate Note and \$6,200,000 (2015: \$nil) in a bank bond. The weighted average rate is 3.84% (2015: 4.20%). The investments are recorded at fair value.

### Material damage property insurance contingency fund

GWRC has invested \$9,094,000 (2015: \$8,143,000) of its material damage property insurance contingency funds in short term deposits and a bank bond with an average rate of 4.42 % (2015: 4.62%). The investments are recorded at fair value.

### Major flood contingency fund

GWRC has invested \$5,489, 000 (2015: \$5,140,000) of its major flood contingency funds in a short term deposit with a rate of 3.30% (2015: 4.10%). The deposit is recorded at fair value.

## 15 Aggregate joint venture information

Name of joint venture	Principal activity	2016 Percentage ownership %	2015 Percentage ownership %
Harbour Quays A1 Limited	Commercial rental property	100%	100.0%
Harbour Quays D4 Limited	Commercial rental property	100%	100.0%
Harbour Quays F1F2 Limited	Commercial rental property	100%	100.0%

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

	Council and Group Actual 2016 \$'000	Actual 2015 \$'000
<b>Group</b>		
Carrying amount at beginning of year	83,728	80,179
Investment in joint ventures	-	-
Equity accounted earnings of joint ventures*	13,315	7,564
Dividends from joint ventures	(5,778)	(4,015)
Transfer net assets of CentrePac Limited joint venture to wholly owned subsidiary on acquisition of remaining interest	(300)	-
Investment in Direct Connect Series Limited	25	-
Carrying amount at end of year	<u>90,990</u>	<u>83,728</u>
Represented by:		
Harbour Quays A1 Limited	20,839	16,824
Harbour Quays D4 Limited	16,793	15,843
Harbour Quays F1F2 Limited	51,226	48,868
Individually immaterial associates	<u>2,132</u>	<u>2,193</u>
	<u>90,990</u>	<u>83,728</u>

\* The 2014 equity accounted earnings in joint ventures included provisions for earthquake repairs of \$5,598,000 after tax arising from the earthquakes of 20 July 2013 and 16 August 2013. and

16 Property, plant and equipment (continued)

16 Property, plant and equipment

Council 2016	Cost / revaluation 1 Jul 2015 \$'000	Transfers into 2015 * \$'000	Accumulated depreciation \$'000	Carrying amount 1 Jul 2015 \$'000	Current year additions \$'000	Current year disposals \$'000	Current year impairment charges \$'000	Net Depreciation \$'000	Transfers \$'000	Revaluation surplus \$'000	Cost / revaluation 30 Jun 2016 \$'000	Accumulated depreciation \$'000	Carrying amount 30 Jun 2016 \$'000
<b>Operating assets</b>													
Land and buildings	10,577	534	(1,709)	9,402	1,590	(6)	-	(175)	(870)	-	11,825	(1,884)	9,941
Plant and equipment	16,498	-	(10,629)	5,869	575	(991)	-	(277)	601	-	16,683	(10,906)	5,777
Motor vehicles	6,961	-	(4,550)	2,411	1,218	(938)	-	26	(5)	-	7,236	(4,524)	2,712
<b>Total</b>	<b>34,036</b>	<b>534</b>	<b>(16,888)</b>	<b>17,682</b>	<b>3,383</b>	<b>(1,935)</b>	<b>-</b>	<b>(426)</b>	<b>(274)</b>	<b>-</b>	<b>35,744</b>	<b>(17,314)</b>	<b>18,430</b>
<b>Infrastructural assets</b>													
<u>At cost &amp; revaluation</u>													
Flood protection	308,937	-	(8,711)	300,226	3,734	-	-	(626)	865	-	313,536	(9,337)	304,199
Navigational aids	2,165	-	(180)	1,985	21	(13)	-	(66)	(1)	-	2,172	(246)	1,926
Parks and forests	85,216	(2,773)	(3,862)	78,581	1,718	(124)	-	(2,080)	11	-	84,048	(5,942)	78,106
Transport infrastructure	14,410	-	(737)	13,673	3,352	(2,498)	-	(863)	963	-	16,227	(1,600)	14,627
Water infrastructure	444,916	2,239	(21,894)	425,261	946	(123)	-	(10,768)	8,550	-	456,528	(32,662)	423,866
Capital work in progress	24,799	-	-	24,799	4,170	-	-	-	(11,814)	-	17,155	-	17,155
<b>Total</b>	<b>880,443</b>	<b>(534)</b>	<b>(35,384)</b>	<b>844,525</b>	<b>13,941</b>	<b>(2,758)</b>	<b>-</b>	<b>(14,403)</b>	<b>(1,426)</b>	<b>-</b>	<b>889,666</b>	<b>(49,787)</b>	<b>839,879</b>
<b>Total Council</b>	<b>914,479</b>	<b>-</b>	<b>(52,272)</b>	<b>862,207</b>	<b>17,324</b>	<b>(4,693)</b>	<b>-</b>	<b>(14,829)</b>	<b>(1,700)</b>	<b>-</b>	<b>925,410</b>	<b>(67,101)</b>	<b>858,309</b>

Note: \* Infrastructure asset class transfers have affected opening balance as at 01/07/15

16 Property, plant and equipment (continued)

Council 2015	Cost / revaluation 1 Jul 2014 \$'000	Transfers into 2014 * \$'000	Accumulated depreciation \$'000	Carrying amount 1 Jul 2014 \$'000	Current year additions \$'000	Current year disposals \$'000	Current year impairment charges \$'000	Net Depreciation \$'000	Transfers \$'000	Revaluation surplus \$'000	Cost / revaluation 30 Jun 2015 \$'000	Accumulated depreciation \$'000	Carrying amount 30 Jun 2015 \$'000
<b>Operating assets</b>													
Land and buildings	10,392	-	(1,674)	8,718	1,552	(568)	-	(35)	(799)	-	10,577	(1,709)	8,868
Motor vehicles	8,021	-	(4,996)	3,025	1,288	(2,259)	-	446	(89)	-	6,961	(4,550)	2,411
Plant and equipment	13,349	-	(10,347)	3,002	851	(742)	-	(282)	3,040	-	16,498	(10,629)	5,869
<b>Total</b>	<b>31,762</b>	<b>-</b>	<b>(17,017)</b>	<b>14,745</b>	<b>3,691</b>	<b>(3,569)</b>	<b>-</b>	<b>129</b>	<b>2,152</b>	<b>-</b>	<b>34,036</b>	<b>(16,888)</b>	<b>17,148</b>
<b>Infrastructural assets</b>													
<u>At cost &amp; valuation</u>													
Flood protection	307,313	-	(7,987)	299,326	1,599	-	-	(724)	25	-	308,937	(8,711)	300,226
Navigational aids	1,848	-	(1,226)	622	56	(817)	-	1,046	-	1,078	2,165	(180)	1,985
Parks and forests	83,028	-	(2,003)	81,025	2,500	-	(546)	(1,859)	234	-	85,216	(3,862)	81,354
Transport infrastructure	9,677	-	-	9,677	3,976	(98)	-	(737)	855	-	14,410	(737)	13,673
Water infrastructure	438,454	-	(10,481)	427,973	206	(811)	-	(11,413)	7,067	-	444,916	(21,894)	423,022
Capital work in progress	24,969	-	-	24,969	9,974	-	-	-	(10,144)	-	24,799	-	24,799
<b>Total</b>	<b>865,289</b>	<b>-</b>	<b>(21,697)</b>	<b>843,592</b>	<b>18,311</b>	<b>(1,726)</b>	<b>(546)</b>	<b>(13,687)</b>	<b>(1,963)</b>	<b>1,078</b>	<b>880,443</b>	<b>(35,384)</b>	<b>845,059</b>
<b>Total Council</b>	<b>897,051</b>	<b>-</b>	<b>(38,714)</b>	<b>858,337</b>	<b>22,002</b>	<b>(5,295)</b>	<b>(546)</b>	<b>(13,558)</b>	<b>189</b>	<b>1,078</b>	<b>914,479</b>	<b>(52,272)</b>	<b>862,207</b>

Note: Revaluations are net of accumulated depreciation written back



16 Property, plant and equipment (continued)

Group 2016	Cost / revaluation 1 Jul 2015 \$'000	Transfers into 2015 * \$'000	Accumulated depreciation \$'000	Carrying amount 1 Jul 2015 \$'000	Current year additions \$'000	Current year disposals \$'000	Current year impairment charges \$'000	Net Depreciation \$'000	Transfers \$'000	Revaluation surplus \$'000	Cost / revaluation 30 Jun 2016 \$'000	Accumulated depreciation \$'000	Carrying amount 30 Jun 2016 \$'000
<b>Operating assets</b>													
Land and buildings	123,678	537	(15,314)	108,901	1,595	(6)	-	(1,003)	(473)	(226)	125,106	(16,317)	108,789
Plant & Equipment	80,201	-	(37,420)	42,781	607	(991)	-	(3,513)	3,805	-	83,623	(40,932)	42,691
Motor vehicles	6,961	-	(4,550)	2,411	1,211	(938)	-	26	(5)	-	7,229	(4,524)	2,705
<b>Total</b>	<b>210,840</b>	<b>537</b>	<b>(57,284)</b>	<b>154,093</b>	<b>3,413</b>	<b>(1,935)</b>	<b>-</b>	<b>(4,490)</b>	<b>3,327</b>	<b>(226)</b>	<b>215,958</b>	<b>(61,773)</b>	<b>154,185</b>
<b>Infrastructural assets</b>													
<u>At cost &amp; valuation</u>													
Flood protection	308,937	-	(8,711)	300,226	3,734	-	-	(626)	865	-	313,536	(9,337)	304,199
Parks and forests	85,216	(2,772)	(3,862)	78,582	1,718	(124)	-	(2,080)	11	-	84,048	(5,943)	78,105
Capital works in progress	66,948	-	-	66,948	46,747	-	-	-	(48,728)	-	64,969	-	64,969
Port wharves and paving	93,919	-	(46,655)	47,264	-	-	-	(2,710)	3,599	(218)	97,300	(49,365)	47,935
Navigational aids	2,165	-	(180)	1,985	21	(13)	-	(66)	(1)	-	2,172	(246)	1,926
Transport infrastructure	304,560	-	(16,124)	288,436	92,895	(2,956)	-	(17,249)	30,732	-	425,231	(33,373)	391,858
Water infrastructure	444,916	2,239	(21,894)	425,261	946	(123)	-	(10,768)	8,550	-	456,529	(32,661)	423,868
Rec item	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,306,661</b>	<b>(533)</b>	<b>(97,426)</b>	<b>1,208,702</b>	<b>146,061</b>	<b>(3,216)</b>	<b>-</b>	<b>(33,499)</b>	<b>(4,972)</b>	<b>(218)</b>	<b>1,443,785</b>	<b>(130,925)</b>	<b>1,312,860</b>
<b>Total Group</b>	<b>1,517,501</b>	<b>4</b>	<b>(154,710)</b>	<b>1,362,795</b>	<b>149,474</b>	<b>(5,151)</b>	<b>-</b>	<b>(37,989)</b>	<b>(1,645)</b>	<b>(444)</b>	<b>1,659,743</b>	<b>(192,698)</b>	<b>1,467,045</b>

Note: \* Infrastructure asset class transfers have affected opening balance as at 01/07/15

16 Property, plant and equipment (continued)

Group 2015	Cost / revaluation 1 Jul 2014 \$'000	Transfers into 2014 * \$'000	Accumulated depreciation \$'000	Carrying amount 1 Jul 2014 \$'000	Current year additions \$'000	Current year disposals \$'000	Current year impairment charges \$'000	Net Depreciation \$'000	Transfers \$'000	Revaluation surplus \$'000	Cost / revaluation 30 Jun 2015 \$'000	Accumulated depreciation \$'000	Carrying amount 30 Jun 2015 \$'000
<b>Operating assets</b>													
Land and buildings	122,240	-	(13,920)	108,320	1,554	(619)	(334)	(1,394)	1,707	(870)	123,678	(15,314)	108,364
Plant and Equipment	77,568	-	(38,064)	39,504	868	(5,494)	-	648	7,240	19	80,201	(37,416)	42,785
Motor vehicles	8,022	-	(4,996)	3,026	1,287	(2,259)	-	446	(89)	-	6,961	(4,550)	2,411
<b>Total Group's property, plant and equipment</b>	<b>207,830</b>	<b>-</b>	<b>(56,980)</b>	<b>150,850</b>	<b>3,709</b>	<b>(8,372)</b>	<b>(334)</b>	<b>(300)</b>	<b>8,858</b>	<b>(851)</b>	<b>210,840</b>	<b>(57,280)</b>	<b>153,560</b>
<b>Infrastructural assets</b>													
<u>Flood protection</u>													
Flood protection	307,314	-	(7,987)	299,327	1,600	-	-	(724)	23	-	308,937	(8,711)	300,226
Parks and forests	83,028	-	(2,003)	81,025	2,500	-	(549)	(1,859)	237	-	85,216	(3,862)	81,354
Capital work in progress	59,780	-	-	59,780	38,534	-	-	-	(31,366)	-	66,948	-	66,948
Port wharves and paving	82,736	-	(37,787)	44,949	-	(539)	-	(8,868)	11,722	-	93,919	(46,655)	47,264
Navigational aids	1,848	-	(1,226)	622	56	(817)	-	1,046	-	1,078	2,165	(180)	1,985
Transport infrastructure	289,444	-	(10)	289,434	9,337	(358)	-	(16,114)	6,137	-	304,560	(16,124)	288,436
Water infrastructure	438,453	-	(10,481)	427,972	208	(811)	-	(11,413)	7,066	-	444,916	(21,894)	423,022
<b>Total infrastructural assets</b>	<b>1,262,603</b>	<b>-</b>	<b>(59,494)</b>	<b>1,203,109</b>	<b>52,235</b>	<b>(2,525)</b>	<b>(549)</b>	<b>(37,932)</b>	<b>(6,181)</b>	<b>1,078</b>	<b>1,306,661</b>	<b>(97,426)</b>	<b>1,209,235</b>
<b>Total Group's property, plant and equipment</b>	<b>1,470,433</b>	<b>-</b>	<b>(116,474)</b>	<b>1,353,959</b>	<b>55,944</b>	<b>(10,897)</b>	<b>(883)</b>	<b>(38,232)</b>	<b>2,677</b>	<b>227</b>	<b>1,517,501</b>	<b>(154,706)</b>	<b>1,362,795</b>

Note: Revaluations are net of accumulated depreciation written back

16 Property, plant and equipment (continued)

Infrastructural assets - further disclosures

Council 2016	Closing book value \$'000	Additions		Estimated replacement cost \$'000
		Constructed by Council \$'000	Assets transferred to Council \$'000	
Infrastructural assets				
Water treatment plants & facilities	201,793	612	-	206,837
Other water assets	222,075	334	-	227,627
Flood protection and control works	304,199	-	-	314,996
<b>Total infrastructural assets</b>	<b>728,067</b>	<b>946</b>	<b>-</b>	<b>749,460</b>

Council 2015	Closing book value \$'000	Additions		Estimated replacement cost \$'000
		Constructed by Council \$'000	Assets transferred to Council \$'000	
Infrastructural assets				
Water treatment plants & facilities	83,660	1,156	-	134,047
Other water assets	339,362	6,118	131	482,153
Flood protection and control works	300,226	1,993	-	314,996
<b>Total infrastructural assets</b>	<b>723,248</b>	<b>9,267</b>	<b>131</b>	<b>931,196</b>

## 17 Intangible assets

Council	Software \$'000	*Emission units \$'000	Total \$'000
<b>Year ended 30 June 2015</b>			
Opening net book amount	3,914	2,345	6,259
Additions	115	174	289
Disposal	(21)	-	(21)
Revaluation	-	665	665
Transfers	25	(1,297)	(1,272)
Amortisation charge **	(1,076)	-	(1,076)
Closing net book amount	<u>2,957</u>	<u>1,887</u>	<u>4,844</u>
<b>At 30 June 2015</b>			
Cost and valuation	9,687	1,887	11,574
Accumulated amortisation and impairment	(6,730)	-	(6,730)
Net book amount	<u>2,957</u>	<u>1,887</u>	<u>4,844</u>
<b>Year ended 30 June 2016</b>			
Opening net book amount	2,957	1,887	4,844
Additions	143	-	143
Disposals	(532)	-	(532)
Revaluation	-	3,183	3,183
Transfers	1,687	-	1,687
Amortisation charge	(308)	-	(308)
Closing net book amount	<u>3,947</u>	<u>5,070</u>	<u>9,017</u>
<b>At 30 June 2016</b>			
Cost and valuation	10,984	5,070	16,054
Accumulated amortisation and impairment	(7,037)	-	(7,037)
Net book amount	<u>3,947</u>	<u>5,070</u>	<u>9,017</u>

17 Intangible assets (continued)

Group	Goodwill \$'000	Software \$'000	*Emission units \$'000	Total \$'000
<b>Year ended 30 June 2015</b>				
Opening net book amount	2,675	4,166	2,345	9,186
Additions	-	434	173	607
Revaluation	-	-	665	665
Disposal	-	(21)	-	(21)
Transfers	-	25	(1,296)	(1,271)
Amortisation charge **	-	(1,255)	-	(1,255)
Closing net book amount	<u>2,675</u>	<u>3,349</u>	<u>1,887</u>	<u>7,911</u>
<b>At 30 June 2015</b>				
Cost	2,675	13,166	1,887	20,997
Accumulated amortisation and impairment	-	(9,817)	-	(13,086)
Net book amount	<u>2,675</u>	<u>3,349</u>	<u>1,887</u>	<u>7,911</u>
<b>Year ended 30 June 2016</b>				
Opening net book amount	2,675	3,349	1,887	7,911
Acquisition of subsidiary	-	-	-	-
Additions	14	299	-	313
Revaluation	-	-	3,183	3,183
Disposal	-	(532)	-	(532)
Transfers	-	1,687	-	1,687
Amortisation charge	(15)	(484)	-	(499)
Closing net book amount	<u>2,674</u>	<u>4,319</u>	<u>5,070</u>	<u>12,063</u>
<b>At 30 June 2016</b>				
Cost and valuation	2,674	14,620	5,070	22,364
Accumulated amortisation and impairment	-	(10,301)	-	(10,301)
Net book amount	<u>2,674</u>	<u>4,319</u>	<u>5,070</u>	<u>12,063</u>

No intangible assets are pledged as security for liabilities.

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

## 18 Insurance coverage, asset values and contingency funds

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

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

	Value of assets covered by insurance \$'000	Maximum level of insurance coverage \$'000
Council assets	590,317	341,964
Rolling Stock	411,421	140,000
Total	<u>1,001,738</u>	<u>481,964</u>

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

	Value of fund maintained \$'000	Total value of assets self-insured \$'000
Council assets	49,194	1,079,159
Rolling stock	-	271,421
Total	<u>49,194</u>	<u>1,350,580</u>

Maximum Probable Loss (MPL) approach is used to determine the level of funds required to meet a catastrophic event.

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

GWRC has no risk sharing arrangements.

## 19 Investment properties

GWRC holds no investment in properties.

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

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

### *CentrePort Limited Group (CentrePort)*

CentrePort's investment properties are revalued every year. Investment properties were valued on 30 June 2016 by independent registered valuers of the firms Bayleys Valuations Limited and Colliers International Limited.

## 19 Investment properties (continued)

The fair value of investment properties has been determined in accordance with Australia and New Zealand Valuation and Property Standards, in particular Valuation Guidance Note NZVGN 1 Valuations for use in New Zealand Financial Reports and IVS 300 Valuations for Financial Reporting. The fair value of the investment property at 30 June 2016 was \$47.9 million (2015: \$53.9 million).

The determination of fair value includes allowance for land and infrastructure works yet to be completed, consistent with the Harbour Quays Development plan approved by the CentrePort Board. This includes above and below ground services and some seawall strengthening.

The valuations use existing and forecast cash flows based on existing lease terms and expected future occupancy. The capitalisation rate is consistent with comparable properties in the marketplace at 8.6% (2015: 9.0%).

	Council		Group	
	Actual 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
Developed investment properties brought forward	-	-	19,298	17,437
Additions / (disposals)	-	-	(3,600)	3,600
Transfer from / (to) land available for development	-	-	-	(1,080)
Reclassification to property, plant and equipment	-	-	-	-
Net change in the value of developed investment property	-	-	(22)	(659)
<b>Developed investment properties carried forward</b>	-	-	<b>15,676</b>	<b>19,298</b>
Land available for development brought forward	-	-	23,836	24,871
Additions / (disposals)	-	-	(5,116)	(9,929)
Transfer from / (to) developed investment property	-	-	(37)	1,080
Transfer from (to) property held for sale	-	-	-	4,598
Transfer to Port Land	-	-	(81)	-
Depreciation	-	-	(63)	-
Net change in the value of land available for development	-	-	3,057	3,216
<b>Land available for development carried forward</b>	-	-	<b>21,596</b>	<b>23,836</b>
Investment properties under development brought forward	-	-	-	-
Transfer from / (to) developed investment property land available for development	-	-	-	-
<b>Total investment properties under development carried forward</b>	-	-	<b>37,272</b>	<b>43,134</b>

## 20 Investments in subsidiaries and associates

Name of entity	Relationship	Equity holding	
		2016 %	2015 %
WRC Holdings Limited	Subsidiary of GWRC	100	100
Port Investments Limited	Subsidiary of WRC Holdings Limited	100	100
CentrePort Limited	Subsidiary of Port Investments Limited	77	77
Greater Wellington Rail Limited	Subsidiary of WRC Holdings Limited	100	100
Wellington Regional Economic Development Agency	Minority Interest	20	20
Wellington Water Limited	Council Controlled Organisation	20	20

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

All significant intra-group transactions have been eliminated on consolidation.

	Actual 2016 \$'000	Actual 2015 \$'000
WRC Holdings Limited shares	231,065	120,135
Wellington Water Limited	150	150
<b>Total investment in subsidiaries</b>	<b>231,215</b>	<b>120,285</b>



## 21 Derivative financial instruments

	Council		Group	
	Actual 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
<b>Current asset portion</b>				
Interest rate swap	-	9	-	9
<b>Total current asset portion</b>	<u>-</u>	<u>9</u>	<u>-</u>	<u>9</u>
<b>Non-current asset portion</b>				
Interest rate swaps	293	1,358	293	1,358
<b>Total non-current asset portion</b>	<u>293</u>	<u>1,358</u>	<u>293</u>	<u>1,358</u>
<b>Total derivative financial instruments - assets</b>	<u>293</u>	<u>1,367</u>	<u>293</u>	<u>1,367</u>
<b>Current liability portion</b>				
Interest rate swaps	329	242	365	652
<b>Total current liability portion</b>	<u>329</u>	<u>242</u>	<u>365</u>	<u>652</u>
<b>Non-current liability portion</b>				
Interest rate swaps	55,072	19,968	74,145	31,054
<b>Total non-current liability portion</b>	<u>55,072</u>	<u>19,968</u>	<u>74,145</u>	<u>31,054</u>
<b>Total derivative financial instruments - liabilities</b>	<u>55,401</u>	<u>20,210</u>	<u>74,510</u>	<u>31,706</u>

For more information on interest rate swaps and foreign exchange contracts, please refer to note 30 Financial Instruments. The fair values of the derivative financial instruments have been determined using a discounted cashflow technique based on market prices at balance date.

## 22 Trade and other payables

	Council		Group	
	Actual 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
<b>Exchange</b>				
Trade payables	22,983	28,858	33,726	31,946
Deposits and bonds	-	-	80	80
Rates in advance	596	594	596	594
Accrued interest on borrowings	1,942	1,584	1,942	1,584
<b>Non-exchange</b>				
Amounts due to related parties	9,781	3,004	-	-
<b>Total current creditors and other payables</b>	<u>35,302</u>	<u>34,040</u>	<u>36,344</u>	<u>34,204</u>

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

## 23 Debt

	Note	Council		Group	
		Actual 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
<b>Current debt liabilities</b>					
Committed Lines	(i)	-	-	-	-
Commercial Paper	(ii)	32,826	24,288	32,826	24,288
Bank loans	(iii)	24,557	-	25,433	1,009
<b>Total current debt liabilities</b>		<b>57,383</b>	<b>24,288</b>	<b>58,259</b>	<b>25,297</b>
<b>Non-current debt liabilities</b>					
Bank loans	(iv)	-	22,737	146,050	168,758
Floating rate notes	(v)	255,000	155,000	255,000	155,000
<b>Total non-current debt liabilities</b>		<b>255,000</b>	<b>177,737</b>	<b>401,050</b>	<b>323,758</b>
<b>Total debt liabilities</b>		<b>312,383</b>	<b>202,025</b>	<b>459,309</b>	<b>349,055</b>

### Terms and conditions

i) GWRC has no overdraft facility. As at 30 June 2016 Greater Wellington had undrawn credit lines of \$70,000,000 (2015: \$50,000,000), of which \$35,000,000 mature in 2019 and \$35,000,000 mature in 2020. Both facilities can be repaid or drawn down until expiry and have the ability to be extended annually at the discretion of the bank. Any borrowings are subject to a charge over rates under which the lenders provide funds.

ii) As of 30 June 2016 GWRC has issued three (2015: two) commercial paper issues which all mature within three month from balance date. Their weighted average interest rate is 2.37% (2015: 3.49%).

iii) As at 30 June 2016 Greater Wellington's external debt has a weighted average interest rate (after the effect of derivatives) of 4.51% (2015: 4.54%) and is recorded at amortised cost. The Crown loans are based on a discounted cash flow valuation basis utilising a discount rate of 8% (2015: 8%). The amount due at maturity is \$26,521,272.  
Bank loans

iv) WRC Holdings Limited has a bank loan facility of \$44,000,000 which is undrawn (2015: \$44,000,000 undrawn) and is secured by a debenture over uncalled capital in the company. As the facility is undrawn there is no interest rate charged on the facility as at 30 June 2015, (2015: undrawn). The rate charged on the commercial paper was 2.38% at 30 June 2016 (2015: 3.34%).

v) As at 30 June 2016 GWRC has issued nine (2015: five) floating rate notes of \$25,000,000 each. They mature in December 2017 ( two), March 2019, May 2021, April 2022, June 2024, June 2025, June 2026 and April 2027 (2015: December 2017 ( two), March 2019, May 2021 and April 2027). The interest rates are ranging between 2.77% and 3.575% (2015: 3.736% and 4.541%). GWRC has also issued one \$30,000,000 (2015: one) floating rate note with a maturity of April 2023. The interest rate is 2.93% p.a (2015: 4.215%). The Interest rate of the Floating Rate Notes is reset quarterly based on the 90-day bank bill rate plus a margin.

In December 2011 Wellington Regional Council (long term S&P credit rating of AA) guaranteed the borrowings of CentrePort Limited up to their banking facility limit of \$150,000,000 (2015: \$150,000,000). In recognition of the provision of the guarantee the company pays a guarantee fee to Wellington Regional Council.

## 24 Employee benefit liabilities

	Council		Group	
	Actual 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
<b>Current portion</b>				
Annual leave	2,501	2,381	5,641	5,867
	<u>2,501</u>	<u>2,381</u>	<u>5,641</u>	<u>5,867</u>
<b>Non-current portion</b>				
Long Service/retiring leave	583	563	1,489	839
	<u>583</u>	<u>563</u>	<u>1,489</u>	<u>839</u>
<b>Total employee benefit liabilities</b>	<u>3,084</u>	<u>2,944</u>	<u>7,130</u>	<u>6,706</u>

## 25 Provisions

	Council		Group	
	Actual 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
Restructuring	310	1,200	310	1,200
<b>Total provision</b>	<u>310</u>	<u>1,200</u>	<u>310</u>	<u>1,200</u>
	<b>Restructuring \$'000</b>	<b>Total \$'000</b>		
<b>Council - 2016</b>				
<b>Current</b>				
Opening carrying value	1,200	1,200		
Provision used during the year	(890)	(890)		
Carrying amount at end of year	<u>310</u>	<u>310</u>		
<b>Council - 2015</b>				
Opening carrying value	-	-		
Additional provisions	1,200	1,200		
Carrying amount at end of year	<u>1,200</u>	<u>1,200</u>		
	<b>Restructuring \$'000</b>	<b>Total \$'000</b>		
<b>Current</b>				
<b>Group - 2016</b>				
Opening carrying value	1,200	1,200		
Provisions used during the year	(890)	(890)		
Carrying amount at end of year	<u>310</u>	<u>310</u>		
<b>Group - 2015</b>				
Opening carrying value	-	-		
Additional provisions	1,200	1,200		
Carrying amount at end of year	<u>1,200</u>	<u>1,200</u>		

25 Provisions (continued)

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

	Council		Group	
	Actual 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
<b>Surplus / (deficit) after tax</b>	<b>(29,893)</b>	(15,353)	<b>(49,046)</b>	(15,700)
<b>Add / (less) non-cash items</b>				
Depreciation and amortisation	17,623	18,385	41,177	40,299
Non cash assets	-	-	-	-
Impairment of property, plant and equipment	-	546	233	572
Sale of fixed assets	2,681	286	1,623	(586)
Equity accounted earnings from associate companies	-	-	(7,601)	(3,696)
Change in value of future tax benefit	-	-	9,002	(6,048)
Inventory adjustment	-	-	4,901	-
Changes in fair value of emission units	(3,183)	(665)	(3,183)	(665)
Changes in fair value of investment property	-	-	(3,027)	(4,517)
Changes in fair value of derivative financial instruments	36,265	18,709	43,904	23,655
Changes in fair value of stadium advance	(227)	(210)	(227)	(210)
Changes in fair value of crown loans	1,819	1,684	1,819	1,684
Movement in provision for impairment of doubtful debts	(542)	171	(543)	185
<b>Add / (less) movements in working capital</b>				
Accounts receivable	8,698	(9,870)	10,895	(6,204)
Warm Wellington receivable	(807)	(562)	(807)	(562)
Inventory	27	(8)	(5,222)	(1,621)
Provisions	(890)	1,200	(890)	1,200
Borrowings	-	276	(133)	485
Accounts payable	(10,117)	2,521	(169)	(2,264)
Employee provisions	139	375	423	375
WRC Holdings Group current account	-	(3,527)	-	-
Other	-	-	1,786	2,485
<b>Add / (less) items classified as investing or financing activities</b>				
Accounts payable related to fixed assets	-	-	(120,912)	(23,215)
Inc/(Dec) in creditors and other payables	-	-	111,013	23,440
	-	-	(9,899)	225
<b>Net cash inflow/(outflow) from operating activities</b>	<b>21,593</b>	13,958	<b>35,016</b>	29,092

## 27 Financial instruments

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

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

### (a) Market risk

#### Currency Risk

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

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

As at 30 June 2016 the Council does not have any foreign exchange contracts (2015: nil). In the Group there is no FX contract as per 30 June 2016 (2015: one contract, EUR80,452 = NZ\$125,295)

#### Fair value interest rate risk

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

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

To minimise the risk on external debt, management monitors the levels of interest rates on an ongoing basis and uses forward rate and swap agreements and interest rate collars (options) to manage interest rate exposures for future periods. At 30 June 2016 the Group had entered into the following interest rate swap agreements:

Interest rate swap agreements	Council		Group	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Less than one year	20,000	15,000	20,000	65,000
One to two years	55,000	20,000	55,000	20,000
Two to five years	135,000	130,000	165,000	190,000
Greater than five years	315,000	315,000	395,000	365,000
Total fair value interest rate risk	<u>525,000</u>	<u>480,000</u>	<u>635,000</u>	<u>640,000</u>

The notional principal amounts of the outstanding interest rate swap contracts for Greater Wellington are \$525,000,000 (2015: \$480,000,000) and for the Group \$635,000,000 (2015: \$640,000,000). At 30 June 2016, the fixed interest rates of swaps of the Council vary from 2.24% to 5.835% (2015: 2.57% to 6.13%). At balance date the swap arrangements of the Group are ranging from 2.24% to 5.96% (2015: 2.57% to 5.96%).

#### Cashflow interest rate risk

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

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

## 27 Financial instruments (continued)

### (a) Market risk (continued)

#### Sensitivity analysis

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

30 June 2016	Council +1% Surplus/ (deficit) \$'000	Council +1% Equity \$'000	Council -1% Surplus/ (deficit) \$'000	Council -1% Equity \$'000	Group +1% Surplus/ (deficit) \$'000	Group +1% Equity \$'000	Group -1% Surplus/ (deficit) \$'000	Group -1% Equity \$'000
<b>Interest rate risk</b>								
<b>Financial assets</b>								
Cash at bank and term deposits	23	-	(23)	-	33	-	(33)	-
Water supply contingency	122	-	(122)	-	122	-	(122)	-
Bank deposits	230	-	(230)	-	230	-	(230)	-
New Zealand Local Government Funding Agency Limited borrower notes	41	-	(41)	-	41	-	(41)	-
Material damage property insurance contingency fund	51	-	(51)	-	51	-	(51)	-
Major flood recovery fund	55	-	(55)	-	55	-	(55)	-
Derivatives	(326)	-	344	-	(326)	-	344	-
Bank Bonds / Floating Rate Note	70	-	(70)	-	70	-	(70)	-
<b>Financial liabilities</b>								
Committed and uncommitted lines	-	-	-	-	(1,461)	-	1,461	-
Commercial paper	(328)	-	328	-	(328)	-	328	-
Floating Rate Notes	(2,550)	-	2,550	-	(2,550)	-	2,550	-
Derivatives	27,553	-	(30,458)	-	34,327	-	(37,818)	-
<b>Total sensitivity to interest rate risk</b>	<b>24,941</b>	<b>-</b>	<b>(27,828)</b>	<b>-</b>	<b>30,264</b>	<b>-</b>	<b>(33,737)</b>	<b>-</b>
<b>30 June 2015</b>	<b>Council +1% Surplus/ (deficit) \$'000</b>	<b>Council +1% Equity \$'000</b>	<b>Council -1% Surplus/ (deficit) \$'000</b>	<b>Council -1% Equity \$'000</b>	<b>Group +1% Surplus/ (deficit) \$'000</b>	<b>Group +1% Equity \$'000</b>	<b>Group -1% Surplus/ (deficit) \$'000</b>	<b>Group -1% Equity \$'000</b>
<b>Interest rate risk</b>								
<b>Financial assets</b>								
Cash at bank and term deposits	62	-	(62)	-	71	-	(71)	-
Water supply contingency	228	-	(228)	-	228	-	(228)	-
Bank deposits	230	-	(230)	-	230	-	(230)	-
New Zealand Local Government Funding Agency Limited borrower notes	25	-	(25)	-	25	-	(25)	-
Material damage property insurance contingency fund	81	-	(81)	-	81	-	(81)	-
Major flood recovery fund	51	-	(51)	-	51	-	(51)	-
Derivatives	2,105	-	(2,469)	-	2,105	-	(2,469)	-
<b>Financial liabilities</b>								
Committed and uncommitted lines	-	-	-	-	(1,470)	-	1,470	-
Commercial paper	(243)	-	243	-	(243)	-	243	-
Floating rate notes	(1,550)	-	1,550	-	(1,550)	-	1,550	-
Derivatives	20,980	-	(23,113)	-	26,306	-	(28,839)	-
<b>Total sensitivity to interest rates</b>	<b>21,969</b>	<b>-</b>	<b>(24,466)</b>	<b>-</b>	<b>25,834</b>	<b>-</b>	<b>(28,731)</b>	<b>-</b>

#### Explanation of sensitivity analysis – GWRC

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

Cash at bank and term deposits are totalling \$2,281,000 (2015: \$6,225,000). A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$23,000 (2015: \$62,000) and negative \$23,000 (2015: -\$62,000) respectively.

##### 2) Water Supply Contingency Investment

## 27 Financial instruments (continued)

### (a) Market risk (continued)

There are \$12,155,000 (2015: \$22,831,000) invested in water contingency term deposits. A movement in interest rates of plus or minus 1% has an effect on interest income of \$122,000 (2015: \$228,000) and negative \$122,000 (2015: -\$228,000) respectively.

#### 3) Bank deposits

There are \$23,000,000 (2015: \$23,000,000) invested in term deposits with a maturity term of more than 3 months. A movement in interest rates of plus or minus 1% has an effect on interest income of \$230,000 (2015: \$230,000) and negative \$230,000 (2015: -\$230,000) respectively.

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

There are \$4,080,000 (2015: \$2,480,000) invested in LGFA borrower notes. A movement in interest rates of plus or minus 1% has an effect on interest income of \$41,000 (2015: \$25,000) and negative \$41,000 (2015: -\$25,000) respectively.

#### 5) Material Damage Property Insurance contingency fund

There are \$5,096,000 (2015: \$8,143,000) invested in material damage business interruption insurance contingency fund. A movement in interest rates of plus or minus 1% has an effect on interest income of \$51,000 (2015: \$81,000) and negative \$51,000 (2015: -\$81,000) respectively.

#### 6) Major Flood Recovery Fund

There are \$5,489,000 (2015: \$5,140,000) invested in flood recovery contingency term deposits. A movement in interest rates of plus or minus 1% has an effect on interest income of \$55,000 (2015: \$51,000) and negative \$55,000 (2015: -\$51,000) respectively.

#### 7) Derivatives

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

Derivative financial assets include interest rate swaps which have a fair value totalling \$293,000 (2015: \$1,367,000). A movement in interest rates of plus 1% results in a loss of \$326,000 (2015: \$2,105,000 gain). A movement in interest rates of minus 1% results in a profit of \$344,000 (2015: \$2,469,000 loss).

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

Derivative financial liabilities include interest rate swaps which have a fair value totalling negative \$55,401,000 (2015: -\$20,210,000). A movement in interest rates of plus 1% results in a gain of \$27,553,000 (2015: \$20,980,000). A movement in interest rates of minus 1% results in a net loss of \$30,458,000 (2015: -\$23,113,000).

##### c) Foreign exchange contracts

GWRC had not entered into any foreign exchange contracts as at 30 June 2016 (2015: Nil). The fair value of any contracts at the end of the year was \$Nil (2015: \$Nil). A movement on foreign exchange rates of plus or minus 10% has no impact (2015: No impact).

#### 8) Bank bonds/ Floating Rate Notes

There are \$27,522,000 (2015: \$10,000,000) invested in bonds and notes. A movement in interest rates of plus or minus 1% has an effect on interest income of \$70,000 (2015: \$nil) and negative \$70,000 (2015: -\$nil) respectively.

#### 9) Commercial paper

The issued commercial paper has a value of \$32,826,000 (2015: \$24,288,000). A movement in interest rates of plus 1% increases interest expenses of \$328,000 (2015: \$243,000) and 1% reduction in interest rates decreases interest costs by \$328,000 (2015: \$243,000).

#### 10) Floating rate notes borrowings

The issued Floating Rate Notes have a value of \$255,000,000 (2015: \$155,000,000). A movement in interest rates of plus 1% has an effect of higher interest expenses of \$2,550,000 (2015: \$1,550,000). A movement in interest rates of 1% lower has an effect of \$2,550,000 (2015: \$1,550,000) lower interest expense.

#### Explanation of sensitivity analysis – Group

## 27 Financial instruments (continued)

### (a) Market risk (continued)

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

Cash at bank and term deposits are totalling \$3,273,000 (2015: \$7,113,000). A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$33,000 (2015: \$71,000) and negative \$33,000 (2015: -\$71,000) respectively.

#### 2) Water Supply Contingency Investment

There are \$12,155,000 (2015: \$22,831,000) invested in water contingency term deposits. A movement in interest rates of plus or minus 1% has an effect on interest income of \$122,000 (2015: \$228,000) and negative \$122,000 (2015: -\$228,000) respectively.

#### 3) Bank deposits

There are \$23,000,000 (2015: \$23,000,000) invested in term deposits with a maturity term of more than 3 months. A movement in interest rates of plus or minus 1% has an effect on interest income of \$230,000 (2015: \$230,000) and negative \$230,000 (2015: -\$230,000) respectively.

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

There are \$4,080,000 (2015: \$2,480,000) invested in LGFA borrower notes. A movement in interest rates of plus or minus 1% has an effect on interest income of \$41,000 (2015: \$25,000) and negative \$41,000 (2015: -\$25,000) respectively.

#### 5) Material Damage Property Insurance Contingency Fund

There are \$5,096,000 (2015: \$8,143,000) invested in material damage business interruption insurance contingency fund. A movement in interest rates of plus or minus 1% has an effect on interest income of \$51,000 (2015: \$81,000) and negative \$51,000 (2015: -\$81,000) respectively.

#### 6) Major Flood Recovery Fund

There are \$5,489,000 (2015: \$5,140,000) invested in flood recovery contingency term deposits. A movement in interest rates of plus or minus 1% has an effect on interest income of \$55,000 (2015: \$51,000) and negative \$55,000 (2015: -\$51,000) respectively.

#### 7) Derivatives

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

Derivative financial assets include interest rate swaps which have a fair value totalling \$293,000 (2015: \$1,367,000). A movement in interest rates of plus 1% results in a loss of \$326,000 (2015: \$2,105,000 gain). A movement in interest rates of minus 1% results in a profit of \$344,000 (2015: \$2,469,000 loss).

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

Derivative financial liabilities include interest rate swaps which have a fair value totalling negative \$74,510,000 (2015: -\$31,706,000). A movement in interest rates of plus 1% results in a gain of \$34,327,000 (2015: \$26,306,000). A movement in interest rates of minus 1% results in a net loss of \$37,818,000 (2015: \$28,839,000 loss).

#### 8) Bank bonds / Floating Rate Notes

There are \$27,522,000 (2015: \$10,000,000) invested in bonds and notes. A movement in interest rates of plus or minus 1% has an effect on interest income of \$70,000 (2015: \$nil) and negative \$70,000 (2015: -\$nil) respectively.

#### 9) Committed and uncommitted lines

Money market borrowing under committed and uncommitted lines totalled \$146,050,000 (2015: \$147,030,000). A movement in interest rates of plus 1% has an effect of higher interest expenses of \$1,461,000 (2015: \$1,470,000). A movement in interest rates of 1% lower has an effect of \$1,461,000 (2015: \$1,470,000) lower interest expense.

#### 10) Commercial paper

The issued commercial paper has a value of \$32,826,000 (2015: \$24,288,000). A movement in interest rates of plus 1% increases interest expenses of \$328,000 (2015: \$243,000) and 1% reduction in interest rates decreases interest costs by \$328,000 (2015: \$243,000).



## 27 Financial instruments (continued)

### (a) Market risk (continued)

#### 11) Floating Rate Notes borrowing

The issued Floating Rate Notes have a value of \$255,000,000 (2015: \$155,000,000). A movement in interest rates of plus 1% has an effect of higher interest expenses of \$2,550,000 (2015: \$1,550,000). A movement in interest rates of 1% lower has an effect of \$2,550,000 (2015: \$1,550,000) lower interest expense.

#### (b) Credit risk

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

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

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

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

#### Concentration of credit risk

GWRC 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 GWRC by the territorial authorities in the region on an agency basis. Funding for public transport is received from the New Zealand Transport Agency and the Ministry of Transport.

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

	Council		Group	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cash at bank and term deposits	25,281	29,225	26,273	30,113
Trade and other receivables	42,199	38,977	45,865	43,631
Bank bonds / notes	27,522	10,000	27,522	10,000
New Zealand Local Government Funding Agency Limited borrower notes	4,080	2,480	4,080	2,480
Stadium advance	3,060	2,833	3,060	2,833
Derivative financial instrument assets	293	1,367	293	1,367
Water supply contingency investment	12,155	22,831	12,155	22,831
Material damage property insurance contingency fund	5,096	8,143	5,096	8,143
Major flood recovery fund	5,489	5,140	5,489	5,140
Total credit risk	<u>125,175</u>	<u>120,996</u>	<u>129,833</u>	<u>126,538</u>

#### Credit quality of financial assets

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

Counterparties with credit ratings	Council		Group	
	2016	2015	2016	2015

## 27 Financial instruments (continued)

### (b) Credit risk (continued)

	\$'000	\$'000	\$'000	\$'000
New Zealand Local Government Funding Agency Limited borrower notes				
AA+	4,080	2,480	4,080	2,480
Cash at bank and term deposits				
AA-	32,275	65,339	33,267	66,227
A+	15,746	-	15,746	-
<b>Total</b>	<b>48,021</b>	<b>65,339</b>	<b>49,013</b>	<b>66,227</b>
Bank bonds / notes				
AA-	27,522	10,000	27,522	10,000
Derivative financial instruments				
AA-	293	922	293	922
A+	-	445	-	445
<b>Total derivative financial instruments</b>	<b>293</b>	<b>1,367</b>	<b>293</b>	<b>1,367</b>

### (c) Liquidity risk

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

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

#### Contractual maturity analysis of financial liabilities

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

30 June 2016	Less than 3 months \$'000	Less than 1 year \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000	Contractual cashflows \$'000	Carrying amount \$'000
<b>Council 2016</b>							
<b>Financial liabilities</b>							
Trade and other payables	-	36,344	-	-	-	36,344	36,344
Commercial paper	33,000	-	-	-	-	33,000	32,826
Floating rate notes	1,945	5,798	56,952	66,837	170,799	302,331	255,000
Crown loans	-	26,521	-	-	-	26,521	24,557
<b>Total financial liabilities</b>	<b>34,945</b>	<b>68,663</b>	<b>56,952</b>	<b>66,837</b>	<b>170,799</b>	<b>398,196</b>	<b>348,727</b>

## 27 Financial instruments (continued)

### Council 2015

#### Financial liabilities

Trade and other payables	-	34,040	-	-	-	34,040	34,040
Commercial paper	24,500	-	-	-	-	24,500	24,288
Floating rate notes	1,611	4,841	6,440	87,940	92,060	192,892	155,000
Crown loans	-	-	26,521	-	-	26,521	22,738
WRCH Group Loans	-	-	-	-	-	-	-
<b>Total financial liabilities</b>	<b>26,111</b>	<b>38,881</b>	<b>32,961</b>	<b>87,940</b>	<b>92,060</b>	<b>277,953</b>	<b>236,066</b>

### Group 2016

#### Financial liabilities

Trade and other payables	-	35,302	-	-	-	35,302	35,302
Commercial paper	33,000	-	-	-	-	33,000	32,826
Lines of credit	-	-	-	-	-	-	-
Floating rate notes	1,945	5,798	56,952	66,837	170,799	302,331	255,000
Crown loans	-	26,521	-	-	-	26,521	24,557
WRCH Group Loans	876	8,698	31,581	129,060	-	170,215	146,926
<b>Total financial liabilities</b>	<b>35,821</b>	<b>76,319</b>	<b>88,533</b>	<b>195,897</b>	<b>170,799</b>	<b>567,369</b>	<b>494,611</b>

### Group 2015

#### Financial liabilities

Trade and other payables	-	51,510	-	-	-	51,510	51,510
Commercial paper	24,500	-	-	-	-	24,500	24,288
Lines of credit	-	-	-	-	-	-	-
Floating rate notes	1,611	4,841	6,440	87,940	92,060	192,892	155,000
Crown loans	-	-	26,521	-	-	26,521	22,738
WRCH Group Loans	-	9,823	32,468	129,637	-	171,928	147,030
<b>Total financial liabilities</b>	<b>26,111</b>	<b>66,174</b>	<b>65,429</b>	<b>217,577</b>	<b>92,060</b>	<b>467,351</b>	<b>400,566</b>

#### (d) Fair value hierarchy disclosures

For those instruments recognised at fair value in the balance sheet, fair values are determined according to the following hierarchy:

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

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

**27 Financial instruments (continued)**

**(d) Fair value hierarchy disclosures (continued)**

	Significant non observable inputs \$'000	Observable inputs \$'000	Quoted market price \$'000	Total \$'000
<b>Council</b>				
<b>30 June 2016</b>				
<b>Financial assets</b>				
Bank bonds / notes	-	27,522	-	27,522
New Zealand Local Government Funding Agency				
Limited borrower notes	-	4,080	-	4,080
Stadium advance	3,060	-	-	3,060
Derivative financial instrument assets	-	293	-	293
<b>Total assets</b>	<u>3,060</u>	<u>31,895</u>	<u>-</u>	<u>34,955</u>
<b>Financial liabilities</b>				
Derivative financial instrument liabilities	-	55,401	-	55,401
Floating rate notes	-	255,000	-	255,000
Crown loans	24,557	-	-	24,557
<b>Total liabilities</b>	<u>24,557</u>	<u>310,401</u>	<u>-</u>	<u>334,958</u>
	Significant non observable inputs \$'000	Observable inputs \$'000	Quoted market price \$'000	Total \$'000
<b>30 June 2015</b>				
<b>Financial assets</b>				
Bank bonds / notes	-	10,000	-	10,000
New Zealand Local Government Funding Agency				
Limited borrower notes	-	2,480	-	2,480
Stadium advance	2,833	-	-	2,833
Derivative financial instrument assets	-	1,367	-	1,367
<b>Total assets</b>	<u>2,833</u>	<u>13,847</u>	<u>-</u>	<u>16,680</u>
<b>Financial liabilities</b>				
Derivative financial instrument liabilities	-	20,210	-	20,210
Fixed rate bonds	-	-	-	-
Floating rate notes	-	155,000	-	155,000
Crown loans	22,738	-	-	22,738
<b>Total liabilities</b>	<u>22,738</u>	<u>175,210</u>	<u>-</u>	<u>197,948</u>

## 27 Financial instruments (continued)

### (d) Fair value hierarchy disclosures (continued)

Group	Significant non observable inputs \$'000	Observable inputs \$'000	Quoted market value \$'000	Total \$'000
<b>30 June 2016</b>				
<b>Financial assets</b>				
Bank bonds / notes	-	27,522	-	27,522
New Zealand Local Government Funding Agency				
Limited borrower notes	-	4,080	-	4,080
Stadium advance	3,060	-	-	3,060
Derivative financial instrument assets	-	293	-	293
<b>Total assets</b>	<u>3,060</u>	<u>31,895</u>	<u>-</u>	<u>34,955</u>
<b>Liabilities</b>				
Derivative financial instrument liabilities	-	74,510	-	74,510
Fixed rate bonds	-	-	-	-
Floating rate notes	-	255,000	-	255,000
Bank loans	-	146,050	-	146,050
Crown loans	24,557	-	-	24,557
<b>Total liabilities</b>	<u>24,557</u>	<u>475,560</u>	<u>-</u>	<u>500,117</u>
<b>30 June 2015</b>				
<b>Financial assets</b>				
Bank bonds / notes	-	10,000	-	10,000
New Zealand Local Government Funding Agency				
Limited borrower notes	-	2,480	-	2,480
Stadium advance	2,833	-	-	2,833
Derivative financial instrument assets	-	1,367	-	1,367
<b>Total assets</b>	<u>2,833</u>	<u>13,847</u>	<u>-</u>	<u>16,680</u>
<b>Financial liabilities</b>				
Derivative financial instrument liabilities	-	31,706	-	31,706
Fixed rate bonds	-	-	-	-
Floating rate notes	-	155,000	-	155,000
Bank loans	-	147,030	-	147,030
Crown loans	22,738	-	-	22,738
<b>Total liabilities</b>	<u>22,738</u>	<u>333,736</u>	<u>-</u>	<u>356,474</u>

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

Valuation techniques with significant non observable inputs (level 3)

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

**27 Financial instruments (continued)**

**(d) Fair value hierarchy disclosures (continued)**

	Level 3 \$'000
<b>Council</b>	
Balance at 1 July 2015	25,571
Gain and losses recognised in the operating surplus or deficit	1,819
Gain and losses recognised in other comprehensive revenue and expense	<u>227</u>
<b>Balance at 30 June 2016</b>	<u>27,617</u>
<b>Total gains or losses for the period included in surplus or deficit for assets held at the end of the reporting period</b>	-
Balance at 1 July 2014	23,677
Gain and losses recognised in the operating surplus or deficit	1,684
Gain and losses recognised in other comprehensive revenue and expense	<u>210</u>
<b>Balance at 30 June 2015</b>	<u>25,571</u>
<b>Total gains or losses for the period included in surplus or deficit for assets held at the end of the reporting period</b>	-
<b>Group</b>	
	Level 3 \$'000
Balance at 1 July 2015	25,571
Gain and losses recognised in the operating surplus or deficit	1,819
Gain and losses recognised in other comprehensive revenue and expense	<u>227</u>
<b>Balance at 30 June 2016</b>	<u>27,617</u>
<b>Total gains or losses for the period included in surplus or deficit for assets held at the end of the reporting period</b>	-
Balance at 1 July 2014	23,677
Gain and losses recognised in the operating surplus or deficit	1,684
Gain and losses recognised in other comprehensive revenue and expense	<u>210</u>
<b>Balance at 30 June 2015</b>	<u>25,571</u>
<b>Total gains or losses for the period included in surplus or deficit for assets held at the end of the reporting period</b>	-

There was no change to the valuation assumptions.

These balances represent the stadium advance valued at \$3,060,000 (2015: \$2,833,000) and the interest free crown loans with a balance of \$24,557,000 (2015: \$22,738,000).

## 27 Financial instruments (continued)

### (e) Financial instrument categories

#### (e) Financial instrument categories

Council	Assets at fair value through surplus or deficit \$'000	Assets at fair value through other comprehen- sive revenue and expense \$'000	Shares, Loans and receivables \$'000	Held to maturity investments \$'000	Total \$'000
<b>Assets</b>					
<b>30 June 2016</b>					
Cash and cash equivalent	-	-	2,281	-	2,281
Receivables and prepayments	-	-	42,199	-	42,199
Derivative financial instruments	293	-	-	-	293
NZ Local Government Funding Agency Shares	-	-	1,866	-	1,866
Local Government Insurance Corp shares	-	-	80	-	80
Wellington Water Limited shares	-	-	150	-	150
NZ Local Government Funding Agency Borrower Notes	-	-	-	4,080	4,080
Bank bonds / notes	-	-	-	10,000	10,000
Bank Deposit with maturity terms more than 3 months	-	-	-	23,000	23,000
Stadium Advance	3,060	-	-	-	3,060
Water Supply Contingency Investment	-	-	-	25,679	25,679
Major Flood recovery fund	-	-	-	5,489	5,489
Material Damage Property Insurance contingency fund	-	-	-	9,094	9,094
<b>Total assets</b>	<u>3,353</u>	<u>-</u>	<u>46,576</u>	<u>77,342</u>	<u>127,271</u>
<b>30 June 2015</b>					
Cash and cash equivalent	-	-	6,225	-	6,225
Receivables and prepayments	-	-	38,977	-	38,977
Derivative financial instruments	1,367	-	-	-	1,367
NZ Local Government Funding Agency Shares	-	-	1,866	-	1,866
Local Government Insurance Corp shares	-	-	80	-	80
Wellington Water Limited shares	-	-	150	-	150
NZ Local Government Funding Agency Borrowers Notes	-	-	-	2,480	2,480
Bank bonds / notes	-	-	-	10,000	10,000
Bank Deposit with maturity terms more than 3 months	-	-	-	23,000	23,000
Stadium Advance	2,833	-	-	-	2,833
Water Supply Contingency Investment	-	-	-	22,831	22,831
Major Flood recovery fund	-	-	-	5,140	5,140
Material Damage Property Insurance contingency fund	-	-	-	8,143	8,143
<b>Total assets</b>	<u>4,200</u>	<u>-</u>	<u>47,298</u>	<u>71,594</u>	<u>123,092</u>

Greater Wellington Regional Council  
Notes to the financial statements  
30 June 2016  
(continued)

Assets	Derivatives for hedging \$'000	Assets at fair value through other comprehensi ve revenue and expense \$'000	Loans and receivables \$'000	Held to maturity investments \$'000	Total \$'000
<b>Group</b>					
<b>30 June 2016</b>					
Cash and cash equivalents	-	-	3,273	-	3,273
Receivables and prepayments	-	-	45,866	-	45,866
Derivative financial instruments	293	-	-	-	293
NZ Local Government Funding Agency Share	-	-	1,866	-	1,866
Local Government Corp Shares	-	-	80	-	80
Wellington Water Limited Shares	-	-	150	-	150
NZ Local Government Funding Agency Ltd borrower notes	-	-	-	4,080	4,080
Bank deposits with maturity terms more than 3 months	-	-	-	23,000	23,000
Bank bonds/notes	-	-	-	10,000	10,000
Stadium advance	3,060	-	-	-	3,060
Water supply contingency investment	-	-	-	25,679	25,679
Major flood recovery fund	-	-	-	5,489	5,489
Material Damage property insurance contingency	-	-	-	9,094	9,094
<b>Total assets</b>	<b>3,353</b>	<b>-</b>	<b>51,235</b>	<b>77,342</b>	<b>131,930</b>
<b>30 June 2015</b>					
Cash and cash equivalent	-	-	7,113	-	7,113
Receivables and prepayments	-	-	43,631	-	43,631
Derivative financial instruments	1,367	-	-	-	1,367
NZ Local Government Funding Agency Share	-	-	1,866	-	1,866
Local Government Corp Shares	-	-	80	-	80
Wellington Water Limited Shares	-	-	150	-	150
NZ Local Government Funding Agency Ltd borrower notes	-	-	-	2,480	2,480
Bank deposits with maturity terms more than 3 months	-	-	-	23,000	23,000
Bank bonds/notes	-	-	-	10,000	10,000
Stadium advance	2,833	-	-	-	2,833
Water supply contingency investment	-	-	-	22,831	22,831
Major flood recovery fund	-	-	-	5,140	5,140
Material Damage property insurance contingency	-	-	-	8,143	8,143
<b>Total assets</b>	<b>4,200</b>	<b>-</b>	<b>52,840</b>	<b>71,594</b>	<b>128,634</b>



**Greater Wellington Regional Council**  
**Notes to the financial statements**  
**30 June 2016**  
(continued)

<b>Liabilities</b>	<b>Liabilities at fair value through surplus or deficit \$'000</b>	<b>Measured at amortised cost \$'000</b>	<b>Total \$'000</b>
<b>Council</b>			
<b>30 June 2016</b>			
Trade and other payables	-	35,302	35,302
Crown Loans	-	24,557	24,557
Commercial paper	-	32,826	32,826
Floating rate notes	-	255,000	255,000
Derivative financial instruments	55,401	-	55,401
<b>Total liabilities</b>	<u>55,401</u>	<u>347,685</u>	<u>403,086</u>

<b>30 June 2015</b>			
Trade and other payables	-	34,040	34,040
Crown Loans	-	22,738	22,738
Commercial paper	-	24,288	24,288
Derivative financial instrument liabilities	20,210	-	20,210
Floating rate notes	-	155,000	155,000
<b>Total liabilities</b>	<u>20,210</u>	<u>236,066</u>	<u>256,276</u>

<b>Liabilities</b>	<b>Liabilities at fair value through surplus or deficit \$'000</b>	<b>Measured at amortised cost \$'000</b>	<b>Total \$'000</b>
<b>Group</b>			
<b>30 June 2016</b>			
Trade and other payables	-	36,344	36,344
Crown Loans	-	24,557	24,557
Commercial paper	-	32,826	32,826
Bank Loans	-	146,050	146,050
Floating rate notes	-	255,000	255,000
Derivative financial instruments	74,510	-	74,510
<b>Total liabilities</b>	<u>74,510</u>	<u>494,777</u>	<u>569,287</u>

<b>30 June 2015</b>			
Trade and other payables	-	34,204	34,204
Crown Loans	-	22,738	22,738
Commercial paper	-	24,288	24,288
Bank Loans	-	147,030	147,030
Floating rate notes	-	155,000	155,000
Derivative financial instrument liabilities	31,706	-	31,706
<b>Total liabilities</b>	<u>31,706</u>	<u>383,260</u>	<u>414,966</u>

## 28 Contingencies

	Council		Group	
	Actual 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
Legal proceedings and obligations	110	304	110	304
<b>Uncalled capital - WRC Holdings Limited</b>				
50,000,000 \$1 shares uncalled and unpaid	50,000	50,000	-	-
8,000,000 \$1 shares, called and paid to 70.0 cents per share (Uncalled 30.0 cents)	2,400	2,400	-	-
170,200,000 \$1 shares, 139,424,024 shares called and paid	30,776	133,036	-	-
6,700,000 \$1 shares, called and paid	-	2,450	-	-
10,100,000 \$1 shares, 6,220,000 called and paid	3,880	-	-	-
Guarantee for CentrePort debt obligations	150,000	150,000	-	-
<b>New Zealand Local Government Funding Agency Limited</b>				
1,866,000 \$1 shares uncalled and unpaid	1,866	1,866	1,866	1,866
<b>Total contingencies</b>	<b>239,032</b>	<b>340,056</b>	<b>1,976</b>	<b>2,170</b>

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

## 29 Related party transactions

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

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

### Related party transactions required to be disclosed

The Council has paid Wellington Regional Economic Development Agency (WREDA) totals grants of \$4.3m during the year (\$4.150m 2015). This grant partly funds WREDA activities, of supporting the development of economic development strategies and initiatives for Wellington. The Council has collected these funds for the grant via the targeted WRS rate from all ratepayers.

## 29 Related party transactions (continued)

### Key management personnel

	Actual 2016 \$'000	Actual 2015 \$'000
<b>Council</b>		
Remuneration	995	988
Full-time equivalent members	13	13
<b>Executive Leadership Team including the Chief Executive</b>		
Remuneration	2,019	2,270
Full-time equivalent members	8	7
<b>Total key management personnel remuneration</b>	<b>3,014</b>	<b>3,258</b>
<b>Total full-time equivalent personnel</b>	<b>21</b>	<b>20</b>

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

## 30 Remuneration

### Chief Executive remuneration

For the year ending 30 June 2016, GWRC's Chief Executive, appointed under section 42(1) of the Local Government Act 2002, received a total remuneration from GWRC of \$405,480 (2015: \$461,885).

	Actual 2016 \$	Actual 2015 \$
<b>Councillor remuneration</b>		
Councillor J Aitken	78,100	75,038
Councillor J Brash	62,538	60,330
Councillor P Bruce	62,592	60,234
Councillor B Donaldson	92,772	86,906
Councillor S Greig	68,447	60,774
Councillor S Kedgley	62,739	60,099
Councillor K Laban	62,538	60,099
Chair and former councillor C Laidlaw	157,220	76,068
Councillor P Lamason	64,979	65,974
Councillor G McPhee	66,433	66,345
Councillor P Swain	77,955	74,900
Councillor and former chair F Wilde	54,752	160,125
Councillor N Wilson	84,360	81,520

### 30 Remuneration (continued)

#### Employee remuneration

The following table identifies the number of full time employees, including employees on maternity leave and their fixed term replacements, and the full time equivalent number of all other part-time, fixed term and casual employees as at the end of the reporting period, 30 June 2016,

	Number of employees	
	2016	2015
\$60,000 and below	118	113
\$60,001 - \$79,999	155	144
\$80,000 - \$99,999	102	92
\$100,000 - \$119,999	67	55
\$120,000 - \$139,999	19	11
\$140,000 - \$159,999	10	15
\$ 160,000 - \$179,999	14	10
\$180,000 - \$419,999	15	14
Total Employees	<u>500</u>	<u>454</u>
The number of full time employees as at 30 June 2016	408	373
The full time equivalent number of all other non-full time employees	64	42
The number of employees receiving total remuneration of less than \$60,000.	118	113

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

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

If the number of employees for any band was 5 or less then it has been combined with the next highest band. Excluding the Chief Executive, the top band range is \$180,000 - \$ 279,999

### 31 Capital commitments and operating leases

	Council		Group	
	Actual 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
<b>Capital commitments</b>				
Property, plant and equipment	4,172	9,415	36,617	148,814

#### Operating leases as lessee

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

	Council		Group	
	Actual 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
Within one year	1,664	1,540	4,621	17,448
After one year but no more than five years	3,195	4,949	5,762	9,391
More than five years	365	37	1,233	688
<b>Total non-cancellable operating leases</b>	<u>5,224</u>	<u>6,526</u>	<u>11,616</u>	<u>27,527</u>

These leases have an average life of between 1 and 10 years with some renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

During the year \$1,548,713 was recognised as an expense in the statement of comprehensive income (2015: \$1,737,000). Contingent rent was not paid (2015: Nil).

#### Transport and other commitments

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

	Council		Group	
	Actual 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
Within one year	96,132	41,427	96,132	51,192
After one year but no more than five years	316,672	64,328	316,672	64,328
More than five years	1,437,531	756,354	1,437,531	756,354
<b>Total non-cancellable operating leases</b>	<u>1,850,335</u>	<u>862,109</u>	<u>1,850,335</u>	<u>871,874</u>

#### Operating lease commitments – lessor

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

Within one year	1,992	1,340	6,752	8,019
After one year but no more than five years	5,977	3,285	14,039	14,966
More than five years	11,153	9,470	19,379	20,155
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases not recognised in the financial statements	<u>19,122</u>	<u>14,095</u>	<u>40,170</u>	<u>43,140</u>

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

### 32 Severance payments

There was one employee (2015: 1) who received a severance payment of \$5,519.67 (2015: \$2,500). This disclosure has been made in accordance with Section 19 of schedule 10 of the Local Government Act 2002.

### 33 Rating base information

	<b>Total</b>
(a) the number of rating units within the district or region of the local authority at the end of the preceding financial year:	201,385
(b) the total capital value of rating units within the district or region of the local authority at the end of the preceding financial year:	109,820,021,957
(c) the total land value of rating units within the district or region of the local authority at the end of the preceding financial year.	50,088,420,801

FINAL DRAFT

### 34 Major variances between actual and budget

Statement of comprehensive revenue and expenses	Council Actual 2016 \$'000	Council Budget 2016 \$'000
Revenue		
Rates and levies	136,044	136,952
Transport operational grants and subsidies	65,408	64,563
Other revenue	22,545	21,187
Total operational revenue	<u>223,997</u>	<u>222,702</u>
<b>Expenditure</b>		
Finance costs	(12,464)	(15,427)
Operational Expenditure	<u>(220,021)</u>	<u>(215,258)</u>
<b>Operational surplus / (deficit) for the year before transport improvements</b>	<b>(8,488)</b>	<b>(7,983)</b>
Transport Improvements grants and subsidies revenue	14,053	17,493
Transport improvement expenditure	<u>(784)</u>	<u>(1,963)</u>
<b>Net revenue / (expenditure) for transport improvements</b>	<b>13,269</b>	<b>15,530</b>
<b>Surplus / (deficit) for the year before tax and fair value gains / losses</b>	<b>4,781</b>	<b>7,547</b>
Fair value gains / (losses) in revenue and expenditure statement	<u>(34,674)</u>	<u>782</u>
<b>Total comprehensive income / (deficit) for the year</b>	<b><u>(29,893)</u></b>	<b><u>8,329</u></b>
<hr/>		
<b>Balance sheet</b>		
<b>Assets</b>	-	-
- Current	94,834	61,743
- Non-current	<u>1,145,612</u>	<u>1,300,805</u>
<b>Total assets</b>	<b><u>1,240,446</u></b>	<b><u>1,362,548</u></b>
<b>Liabilities</b>		
- Ratepayers equity	833,966	979,041
- Current debt	95,825	54,448
- Non-current liabilities	<u>310,655</u>	<u>329,059</u>
<b>Total equity and liabilities</b>	<b><u>1,240,446</u></b>	<b><u>1,362,548</u></b>
<hr/>		
<b>Statement of cash flow</b>		
Cashflows from operating activities	21,593	26,065
Cashflows from investing activities	(134,076)	(170,635)
Cashflows from financing activities	108,539	151,756
	<u>-</u>	<u>-</u>
<b>Net increase / (decrease) in cash, cash equivalents and bank overdraft</b>	<b>(3,944)</b>	<b>(13,291)</b>
Cash and cash equivalents at the beginning of the year	<u>6,225</u>	<u>21,959</u>
<b>Cash and cash equivalents at the end of the year</b>	<b><u>2,281</u></b>	<b><u>29,145</u></b>

GWRC's net operating surplus for the 2015/16 year before fair value gains and losses was \$4.8 million, compared with a budgeted surplus of \$7.5 million. Including fair value movements of (\$34.7 million) and tax the net deficit was \$29.9 million, which is \$38.2million behind budget.

## **Significant components of this variance are:**

### **1. Rates and levies**

GWRC rates and levies revenue was \$0.9 million lower due to:

- Additional general rates collected by local territorial authorities of \$0.4million, from growth in rating units during the year.
- Reduced targeted rates collected for Warm Wellington by local territorial authorities of \$1.3million, as some participating ratepayers have paid off their Warm Wellington loan during the year. This settlement by ratepayers of their Warm GW loan is reflected in other revenue noted below.

### **2. Grants and subsidies revenue**

GWRC primarily receives grant revenue to fund various key transport programmes and projects. In addition to this GWRC also receives grant revenue from other government agencies to support flood protection and environment protection work. Grants revenue for transport programmes and projects, is only received when expenditure is incurred. Grants revenue is \$0.8 million higher due to:

- Additional grant revenue of \$0.2 million was received from the Ministry for Primary Industries (MPI) for Wellington Erosion Control Initiative (WRECI)
- Additional grant revenue of \$0.6 million was received from Ministry for Primary Industries (MPI) for the Wairarapa Water Use Project.

### **3. Other revenue**

GWRC receives other revenue from external fees and charges, interest revenue and any gains/ (losses) on the disposal of assets. Other revenue was \$1.4 million higher due to:

- Additional interest revenue from investments of \$1.1 million higher due to higher cash balances being held during the year and favourable deposit rates
- Additional consents revenue of \$1.3 million, primarily from the Roads of National Significance (RONS) projects.
- Loss on disposal of assets \$2.3 million higher due to the disposal of building on Park n Ride sites in Waikanae and Paraparaumu.
- Additional Warm Wellington revenue of \$1million, reflecting ratepayers during the year who settle their Warm GW loan with Greater Wellington Regional Council.

### **4. Finance Costs**

GWRC financing costs for its debt are \$3.0 million lower, due to a combination of lower than planned interest rates and slower growth in debt levels during the year.

### **5. Operational Costs**

GWRC operational expenditure is \$4.8 million higher due to:

- Additional costs incurred to support Public Transport Operating Model and Public Transport Transformation Programme \$1.7million
- Additional costs for Wairarapa Water Use Project \$3.3 million as some costs were reassessed as operational expenditure and work was bought forward to support progressing of this project.
- Additional costs for Water Supply \$2 million reflecting additional funding provided to Wellington Water Ltd (\$0.6 million), and feasibility and investigation costs reassessed from capital expenditure to operational expenditure.
- Additional consent costs associated with the RONS programme. These were recovered from NZTA.
- Reduced costs of \$1 million reflecting delays in the delivery of river maintenance, predator control and biodiversity enhancement.



- Reduced Public Transport costs were incurred of \$2.9 million as operator payments, trolley overhead wire maintenance and diesel costs were lower than planned.

#### **6. Fair value adjustments**

The main adjustment is the non-cash \$36.3million reduction on interest rate swap valuations. These swaps provide long term certainty for the cost of borrowing. The unfavourable movement is due to our contract swap rates being higher than the equivalent actual market rates, and reflects the downward trend in interest rates with rates at close to historical lows. GWRC's average swap rate at 30 June is 4.85%.

#### **7. Total Assets**

The assets have increased \$116 million during the year, reflecting the continued investment in GW Rail primarily for the Matangi train purchase and ongoing improvements.

#### **8. Debt**

Overall debt has increased \$110 million during the year to \$312 million, which largely reflects the funding for the Matangi train purchase and on-going improvements.

#### **9. Cash flow**

Overall cash and cash equivalents have decreased mostly due to a greater level of contingency deposits of more than 90 days. Financial assets have increased \$7 million.

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

CentrePort has declared a final dividend post balance date of \$0.7million (2015: \$0.7 million).

No dividend was declared post balance date by WRC Holdings (2015: Nil).

Inventories of Greater Wellington Rail Limited were sold to the new rail operator at its costs on 3 July 2016.

There were no other subsequent events up to the date of these financial statements which would affect the amounts or disclosures in the financial statements.

FINAL DRAFT

# Annual Report disclosure statement for year ended 30 June 2016

## What is the purpose of this statement?

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

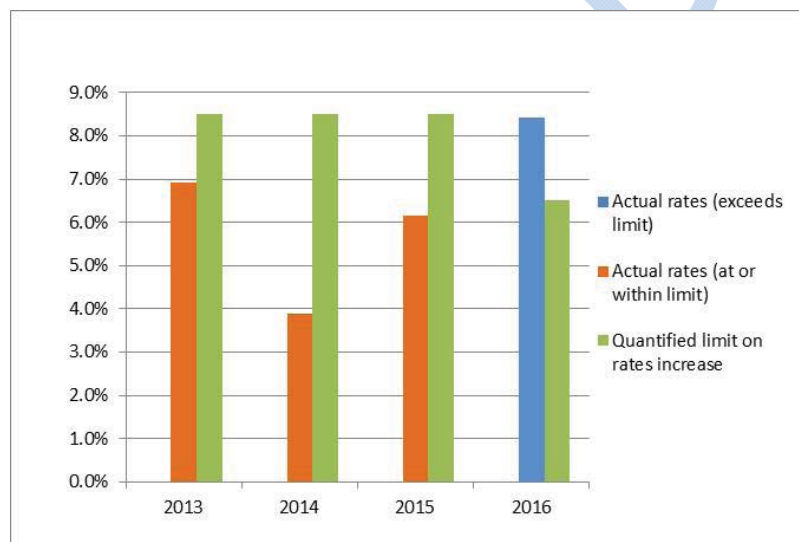
The following graphs need to be read collectively and in conjunction with the attached financial statements. Individually these graphs show a particular view on one aspect of the financial health and management of the Greater Wellington Regional Council.

It is also important to keep in mind the overall strategy and policies Greater Wellington has also adopted when reading these graphs. These are included within the 10 Year Plan 2015-25.

## Rates (increases) affordability

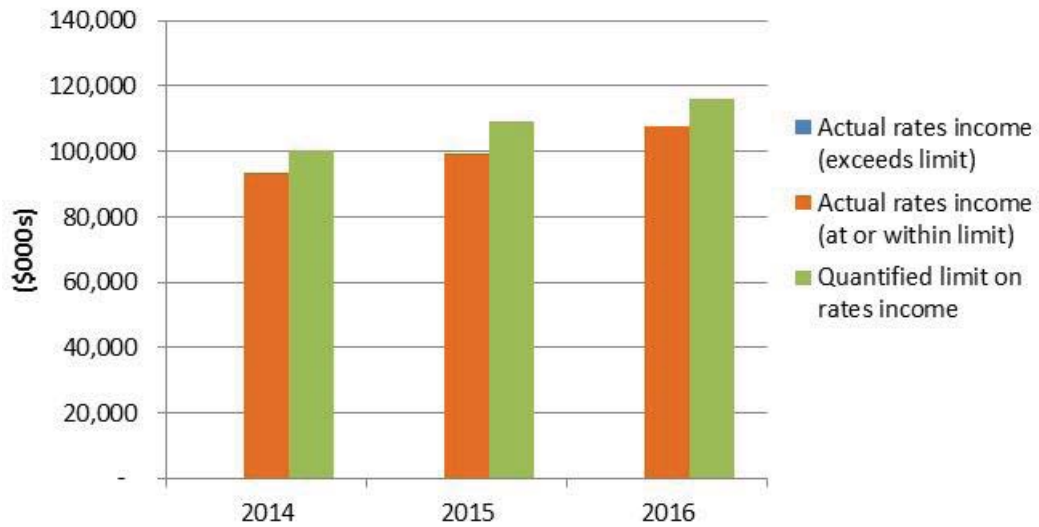
Greater Wellington adopted an average increase of 6.5% per annum (around \$31 per year for the average residential ratepayer) in its 10 Year Plan 2015-25 as it continues to significantly invest in improving the public transport network and the on-going flood protection programme.

Rate increases in 2015/16 were greater than the 6.5% average over the duration of the 10 year plan. This is primarily due to the timing of capital programmes, which are weighted more to the earlier years of the plan.



### Rates income affordability

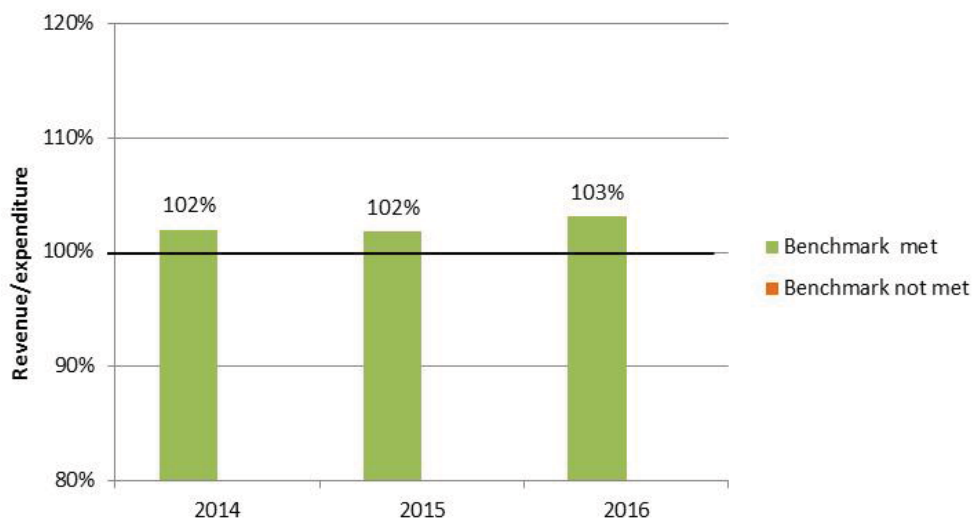
This graph shows the total rates actually received compared to the 10 Year Plan 2015-25 rates limits.



### Balanced Budget

This graph shows whether Greater Wellington has been receiving revenue greater or less than its operational expenditure, i.e. whether Greater Wellington has raised adequate revenue to meet its on-going operational costs including depreciation and other non-cash adjustments.

Over recent years Greater Wellington Regional Council has been exceeding this benchmark test.

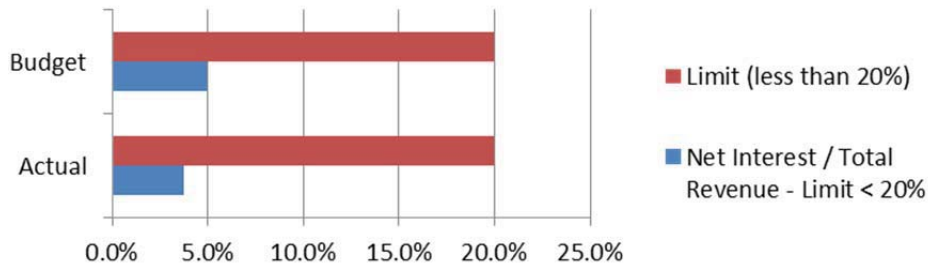


## Financial Strategy Financial Limits

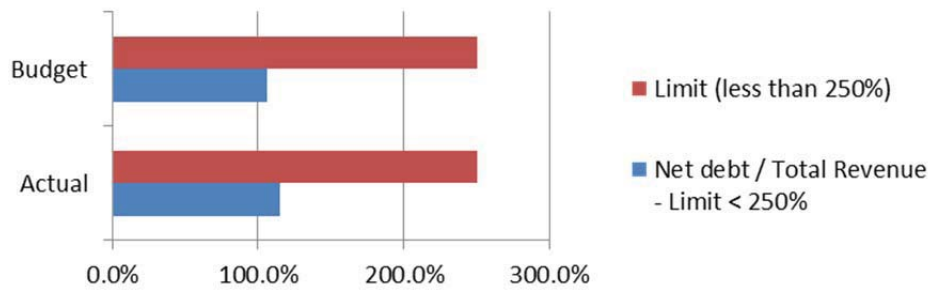
The goal of Greater Wellington's Financial Strategy is to ensure Greater Wellington delivers good value for ratepayers' investment by delivering the right services at the best cost. The Strategy encompasses three key financial limits that Greater Wellington adopted in its 10 Year Plan 2015-25.

These graphs show that Greater Wellington is being managed within these financial prudential limits.

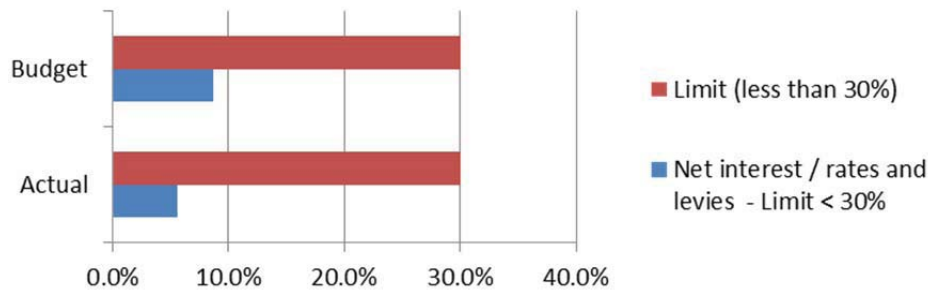
### Net interest / Total revenue – Limit < 20%



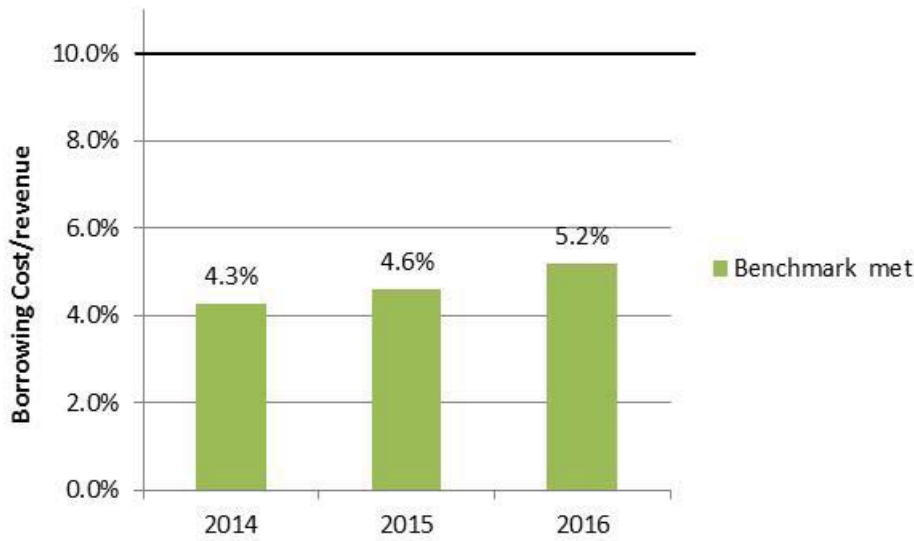
### Net debt / Total revenue - Limit < 250%



### Net interest / Rates and levies - Limit < 30%



### Debt affordability graphs – Debt Servicing



This graph shows the percentage of borrowing costs to revenue. A higher percentage indicates a higher exposure to shifts in interest rates. The benchmark prudential limit is set by Central Government at 10% for non-high population growth regions.

Greater Wellington Regional Council continues to satisfy this benchmark test.

### Debt affordability graphs – Debt balance



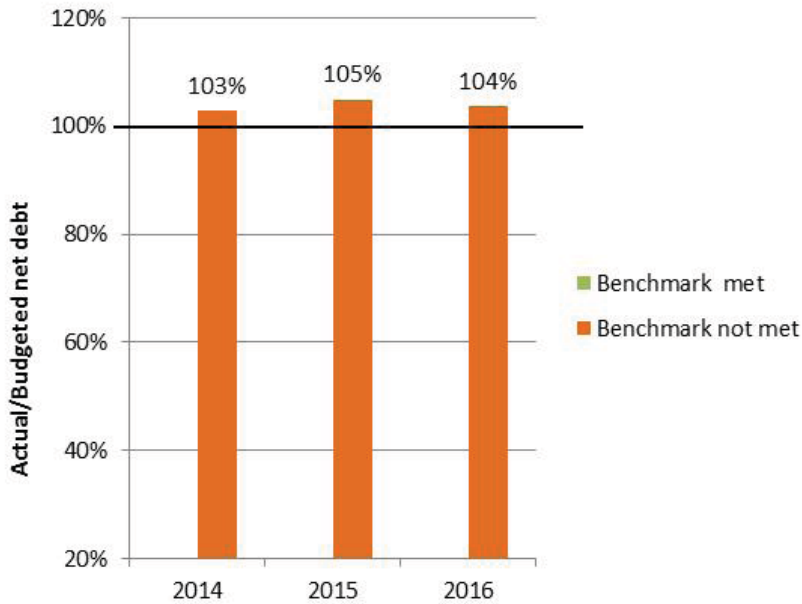
This graph shows the actual debt compared to the debt limit adopted in the 10 Year Plan 2015-25. In the 10 Year Plan 2015-25 the debt projection was for it to peak at \$373 million in 2017/18 as the full impact of the investment in upgrading the rail network would be in place.

Greater Wellington Regional Council is satisfying this benchmark test.

### Debt affordability graphs – Debt benchmark

This graph indicates whether actual net debt is less than the budgeted net debt position. Percentages close to 100% indicate that our actual result is close to what we planned.

Overtime Greater Wellington is tracking to meeting this benchmark.



This graph shows that cash investments significantly lower the overall outstanding debt position

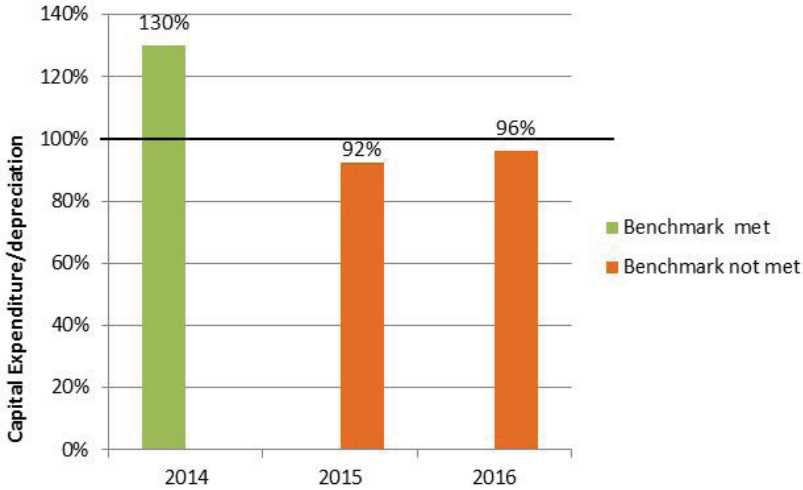


### Essential Services

This graph compares actual capital expenditure with depreciation. The general concept is that over time capital expenditure will be similar to depreciation indicating that assets are being replaced in an appropriate and timely manner. As a requirement of the legislation this only includes flood protection and water assets.

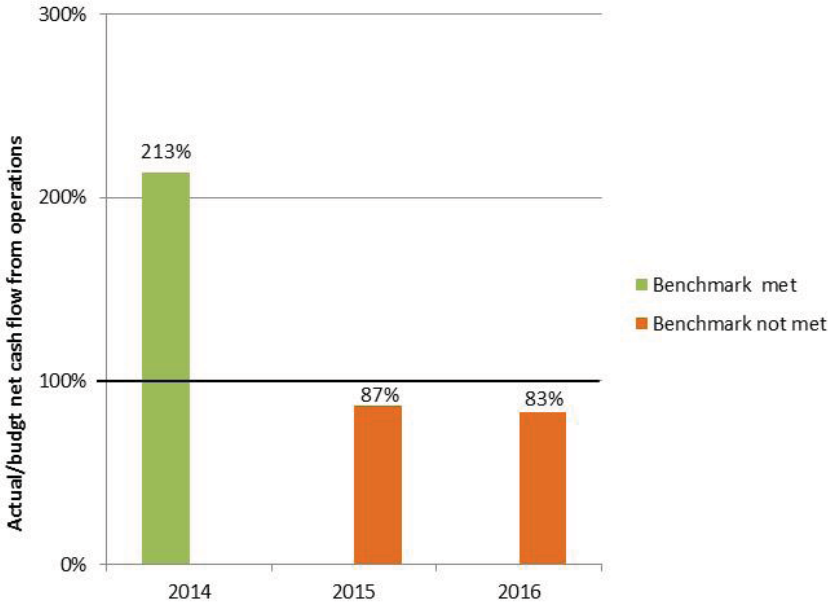
Over time we are meeting this benchmark due to the ongoing new flood protection works being built around the region.

With very long life assets it will not be unexpected to have large periods of time where the results are below this benchmark level.



**Operational cash control**

This graph shows whether our actual cashflow from operations was close to our budgeted position. With infrastructure projects, there are often variations in timing that cause large differences between budget and actual in a given period.



## Other Information



# Audit report - He Pūrongo Arotake Pūtea

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

## Independent Auditor's Report

## Statement of compliance and responsibility

### Compliance

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

### Responsibility

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

In the opinion of the Council and Greater Wellington management, the annual financial statements for the year ended 30 June 2016 fairly reflect the financial position and operations of the Greater Wellington Regional Council.



**Chris Laidlaw**  
*Chair*  
30 September 2016



**Greg Campbell**  
*Chief Executive*  
30 September 2016

**Dave Humm**  
*Chief Financial Officer*  
30 September 2016

# Regional Councillors - Ngā Māngai a Rohe

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**Prue Lamason**

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**Barbara Donaldson**

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## WAIRARAPA

Vacant

## WELLINGTON

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**Sue Kedgley**

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**Chris Laidlaw (Chair)**

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**Daran Ponter**

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# Council committee structure

As at September 2016

- (c) Chair
- (d) Deputy Chair (if appointed)

**Council**  
Cr Laidlaw

<b>Chief Executive Employment Review</b>  Cr Chris Laidlaw (c)	<b>Sustainable Transport</b>  Cr Paul Swain (c) Cr Sue Kedgley (d)	<b>Regional Transport</b>  Cr Paul Swain (c) Cr Chris Laidlaw (d)	<b>Wellington Regional Strategy</b>  Mayor Guppy (c) Mayor Wade-Brown (d)	<b>Te Upoko Taiao – Natural Resource Management</b>  Cr Chris Laidlaw (c) Te Waari Carkeek (c)	<b>Finance, Risk and Assurance</b>  Cr Judith Aitken (c)	<b>Environment</b>  Cr Barbara Donaldson (c) Cr Nigel Wilson (d)
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## Executive Leadership Team

**Chief Executive Officer**

Greg Campbell

**General Manager,  
Environment Management**

Nigel Corry

**General Manager,  
Catchment Management**

Wayne O'Donnell

**General Manager,  
Public Transport**

Wayne Hastie

**General Manager,  
Corporate Services / Chief Financial Officer**

Dave Humm

**General Manager,  
Strategy**

Luke Troy

**General Manager,  
People and Customer**

Leigh-Anne Buxton

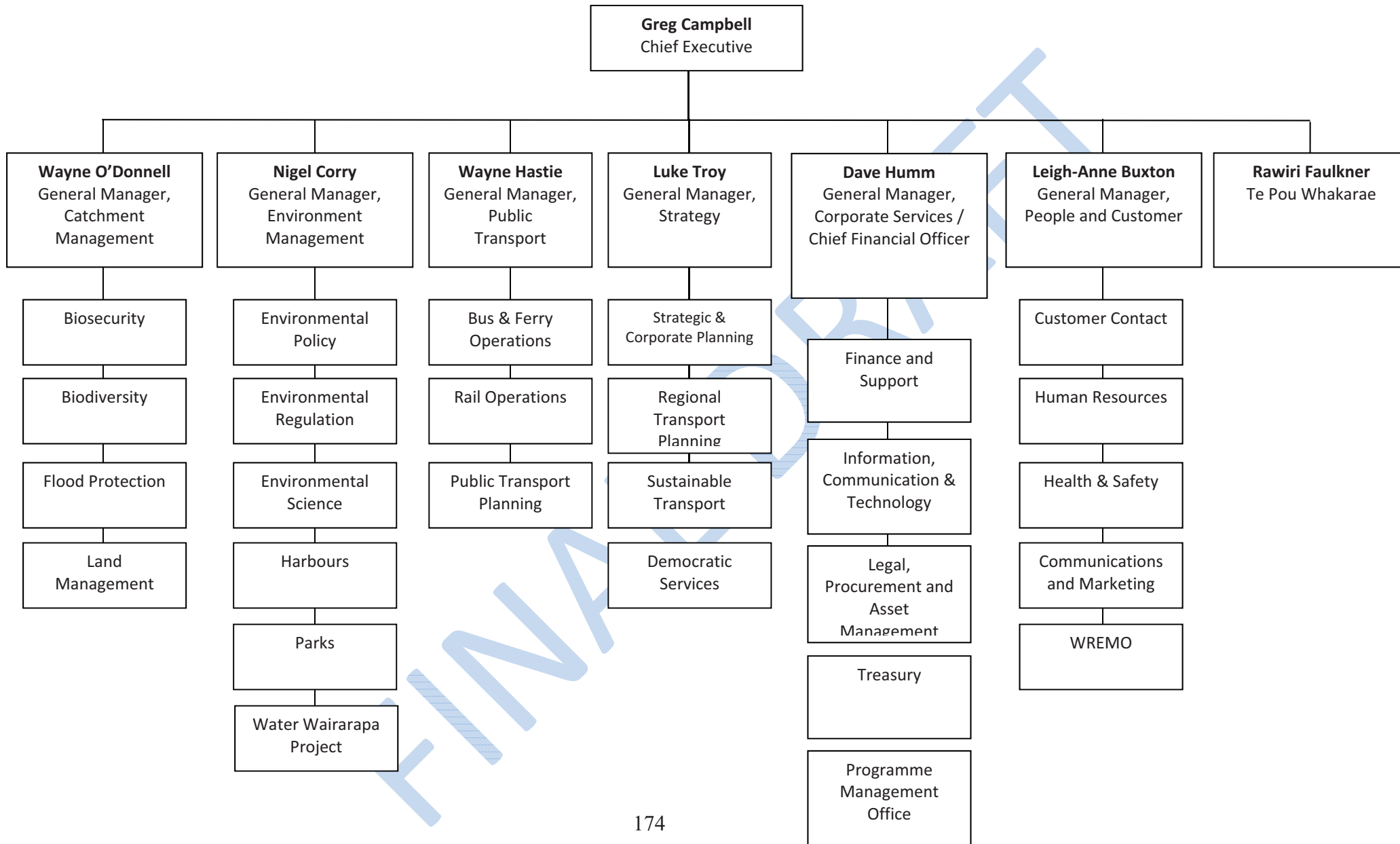
**Te Pou Whakarae**

Rawiri Faulkner

INSERT PICTURE(S)

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# GWRC structure



**[Back Page]**

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October 2016  
GW/CP-xxx

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