

# Annual Report 2005

Progress towards a sustainable region

Greater Wellington Regional Council

Quality for Life



greater WELLINGTON  
REGIONAL COUNCIL



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## Annual Highlights



1

- We have secured a government pledge of \$885 million to improve the region's roading and public transport network. Greater Wellington will contribute an additional \$95 million.
- Bus and train patronage grew by 3% and bus patronage in the Hutt Valley by 16% in the 2004/05 year.
- Careful cost management has allowed us to hold the water supply levy for 2005/06 unchanged. This is the ninth year in a row that we have held or cut the cost of bulk water supply to the region's four cities.
- In May 2005 health officials awarded our Wainuiomata water treatment plant an 'A1' quality grading – the highest possible. Once again, all the water supplied from our network fully complied with New Zealand's drinking water standards.
- More people are helping to improve our physical environment – there are more care groups; double the number of primary school pupils participating in our Take Action programme; and over 12,000 members enrolled in our household *Be the Difference* campaign.
- Despite severe rainfall and flooding in January 2005, our flood defences held up well. There was \$1.1 million worth of damage to systems on the Hutt, Waikanae and Otaki rivers.
- We have improved the tracks, bridges and signage at East Harbour Regional Park. The popular tracks, such as to Butterfly Creek, are now more accessible and safer for visitors.
- 73% of the Wellington region is under intensive possum control and there were only 29 Tb reactors among deer and cattle herds in the year.
- Our pest control programmes are bringing results; tui are nesting on the Miramar Peninsula and rare native birds have been seen at Porirua Scenic Reserve.
- A total of 646 resource consents were processed across the region this year – all but 19 within statutory timeframes.

Over 12,000 members enrolled in our household *Be the Difference* campaign.





## Chairman's Report

Greater Wellington's vision is for a sustainable region. That means ensuring our environment is protected while meeting the economic, social and cultural needs of the community.

How we plan to contribute to that vision is outlined in our Long-term Council Community Plan 2003 to 2013 and in this, the second year of implementation, we have made good progress.

I wish to highlight three areas in particular in which excellent progress has been made this year. Firstly, the launch of the Growth Framework discussion document as part of the Wellington Regional Strategy was a significant step towards sustainable economic growth for the region. Secondly, government funding has been secured for public transport and roading enhancements for the region which will bring much needed economic and social benefits. Finally, we have been working with and involving many sections of the community in environmental enhancement and behavioural change programmes.

The Wellington Regional Strategy involves all nine councils in the region as well as regional economic development agency Positively Wellington Business and iwi representative group Ara Tahi. Such regional co-operation will help achieve a unified approach. It has not been easy to find common goals in such a diverse region but we have, for example, agreed upon eight initial outcomes that all councils will use as input to their long-term council community plans. Of course, each council will also develop more specific goals for their area, in consultation with the community.

Contributors to the strategy have also agreed on four focus areas to ensure future prosperity – effective leadership and partnerships; quality regional form and systems (such as urban centres, transport system and housing choice); unlocking economic potential and internationalisation.

The Growth Framework discussion document has recently been out for public feedback and will be used to develop the actual Wellington Regional Strategy by mid-2006. This is when we will start to see some of the detailed strategies and plans that will help us promote and manage desirable growth for the region for the next 20 to 50 years.

This year has also been a milestone for securing transport funding for the region. Central government has agreed upon a much needed boost to the region's public transport and roading networks.

In January, the government announced a \$225 million injection into the region's transport system over the next ten years. Greater Wellington has committed to providing an additional \$95 million over that period, from a combination of transport rates, increased fares and loan funding. The total funding available will see the complete refurbishment or replacement of our entire rail fleet, replacement of the ageing trolley bus fleet in Wellington City, and a significant expansion of both bus and rail services.

In late June the government announced it would invest a further \$255 million to help with public transport improvements and building new roading infrastructure in the western part of the region. At the same time \$405 million was allocated for state highway construction on the Western Corridor.



This adds up to a total potential investment of \$885 million over the next ten years from central government. When combined with expected funding from Land Transport New Zealand and other local and regional contributions, this provides for an unprecedented level of transport infrastructure funding. Our challenge as a region is to make sure those funds are wisely spent.

Lastly, it is heartening to see the high level of community involvement in caring for the environment across the region. We have funded seven new care groups this year, bringing the total to 33. These volunteer groups are working hard to restore streams, wetlands, and dunes in their local areas. We have also committed to helping 17 landowners protect 250ha of native bush and wetlands with the QE II National Trust, and supported an increasing number of people volunteering to control pests, replant stream margins and look after native species on their properties. The numbers of students taking action for the environment through our education

programmes exceeded 2200 this year and the Be the Difference campaign, which assists households to look after the environment day to day, now has over 12,000 members.

It has been a successful year and shows that, by working with others, we can achieve our vision of a sustainable region.

Finally, I must acknowledge the work of our previous Chairperson, Margaret Shields and our former CEO, Barry Harris who both played a large part in this year's success.

**Ian Buchanan**  
Chairman

“This year has also been a milestone for securing transport funding for the region.”





## Chief Executive's Report

"Our wide network of regional parks is a wonderful asset for the community".



It's been another busy year for Greater Wellington and although we plan our activities, we can't always predict what the environment has in store for us.

Severe rainfall and flooding throughout the Wellington region in January 2005 caused an estimated \$1.1 million worth of damage to flood protection systems on the Hutt, Waikanae and Otaki rivers. It's worth noting that our defences generally held up well and without them the flooding would have caused a lot more damage.

We have spent \$12 million to date implementing floodplain management plans on our three main rivers, including beginning major works on the Hutt River. All works have an environmental component. We also made significant progress on the Lower Wairarapa Valley development scheme review this year.

Providing enough water into the future for a growing population is another matter we have been dealing with. Greater Wellington's water supply infrastructure is projected to be able to meet all demand, except during droughts of at least 1 in 50-year severity, until 2008, at projected population growth rates. As a region, we have the choice of reducing peak water use or increasing supply. Both options are being considered.

The 1 in 50-year security of supply standard has been agreed with the territorial authorities. A drought strategy is in place and we are now working to refine our water shortage prediction model, develop a co-ordinated water demand management programme and investigate options to increase the water supply. Ensuring that we can continue to meet the reasonable water needs of the region's cities well into the future is vital to the regional growth strategy.

The level of traffic congestion is growing. In the last year, all day average congestion rose by 8%, from 0.39 minutes delay to 0.42 minutes per kilometre. We are working to make public transport an attractive alternative. The more people who use public transport, the less congested our roads are which in turn is better for the environment.

Bus and train patronage (subsidised by Greater Wellington) grew by 3% and bus patronage in the Hutt Valley grew by 16% in the 2004/05 year. This is a tremendous result from all our continued efforts to improve bus frequency, routes and service.

Air pollution can and does affect us here in the Wellington region. At certain times of year it can get to levels that may cause health problems. The main contributors are traffic and home fires. In the last year, the alert level of the national air quality guidelines for fine particles was reached 23 times, especially in Masterton and Wainuiomata.

Greater Wellington monitors air quality around the region to find out where pollutants in air might affect people's health. We're maintaining an ongoing programme with a network of air quality monitoring stations around the region. For example, a state-of-the-art monitoring station was installed on the corner of Victoria and Vivian streets, central Wellington, last year.

Our extensive network of regional parks is a wonderful asset for the community. We want to encourage a wider group of people into the parks and ensure that all park visitors have a safe and enjoyable experience.

We spent \$1.24 million monitoring and maintaining the recreation and heritage facilities at our parks last year. For example, we have improved the tracks, bridges and signage at East Harbour Regional Park (for \$80,000).



This has meant the popular tracks, such as to Butterfly Creek, are more accessible and safer for visitors. Last summer we ran another successful events programme (Regional Outdoors) throughout our parks network.

Pest plants and animals seriously threaten our natural environment and agricultural industry. Controlling these pests is an important part of protecting the region's natural environment and the productive capacity of land.

We have set an ambitious target of having 80% of the region under intensive possum control, and reducing the percentage of infected Tb cattle and deer herds to 0.3% (eight infected herds) by 2013. This year, 73% of the Wellington region is under intensive possum control and there were 29 Tb reactors among deer and cattle herds.

Controlling pest plants and animals also increases the biodiversity of native ecosystems. Over 200 introduced plants have become major ecological problems in New Zealand, preventing the growth of native plants and invading fragile areas. The worst of them - eradication pest plants - are unfortunately increasing in urban areas in the Wellington region.

Several of our pest control operations in key native ecosystems are starting to restore forest and bird life. Tui are nesting on the Miramar Peninsula and red-crowned parakeets (kakariki) and native whitehead (popokatea) have been seen at Porirua Scenic Reserve.

Greater Wellington leads by example and this year our waste across four council sites has been reduced by 45%.

Finally, thank you to our hard-working staff for a successful year and for their commitment to creating a Sustainable Region.

**David Benham**  
Chief Executive

**"We have spent \$12 million implementing floodplain management plans".**

## Executive Management Team

### Divisional Manager Environment

Jane Bradbury

### Divisional Manager Utility Services

Murray Kennedy (Acting)<sup>1</sup>

### Divisional Manager Wairarapa

Colin Wright

### Council Secretary

Wayne Hastie

### Divisional Manager Regional Transport

Dave Watson

### Divisional Manager Landcare

Vacant<sup>2</sup>

### Chief Financial Officer

Barry Turfrey

### Corporate Policy Manager

John Allard

<sup>1</sup> David Benham was appointed Chief Executive on 5 September 2005

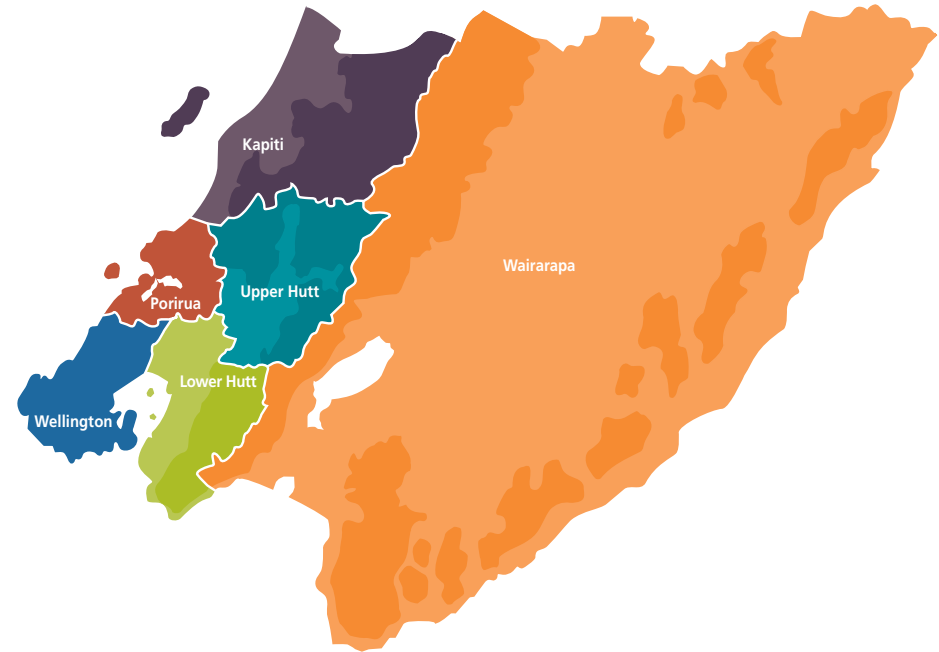
<sup>2</sup> Rob Forlong resigned on 15 July 2005



## The Wellington Region

### Some facts about the region

- The Wellington region covers a land area of 813,005 hectares, and a maritime area of 786,700 hectares. There are 497 kilometres of coastline.
- The population of the Wellington region is 445,400 (Statistics New Zealand, estimated resident population, June 2002).
- Greater Wellington manages 320 kilometres of river channels and 280 kilometres of stopbanks. We are responsible for one of the largest flood protection schemes in New Zealand.
- Around 32 million passenger journeys are made on the region's public transport system each year.
- Greater Wellington collects, treats and delivers about 150 million litres of high quality water per day, on average, for the city councils of metropolitan Wellington.
- Greater Wellington annually manages possum control programmes on approximately 350,000 hectares of land in the region.
- Greater Wellington manages 50,000 hectares of regional parks and forests.

















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

In our June 2003 Long-term Council Community Plan (LTCCP) we identified fifteen general outcomes desired by the community, and ten intermediate outcomes or Take 10 Quality for Life areas where Greater Wellington would particularly contribute. We also identified which areas of the council – groups of activities – would help achieve those ten intermediate outcomes. These linkages are shown on the next page.

For each of the Take 10 Quality for Life outcomes we put forward long-term targets to be aimed for. Our progress towards those targets is summarised on pages 9 to 14. The particular contributions of our six groups of activities is described in the introduction to each section.

The legislation also requires that the annual report comments on the effects of our activities on the social, economic, environmental or cultural well-being of the community. Therefore, an overview statement of such effects is also given in the introduction to each group of activities in this report. The associated information on the contribution to particular outcomes provides amplification on the nature and scale of the effects.

## Take 10 – Quality for Life

-  Biodiversity
-  Water
-  Air
-  Energy
-  Land
-  Transport
-  Waste
-  Recreation & Parks
-  Safety & Hazards
-  Community



# Linkages

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

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



**Environment Management**

- Biodiversity
- Water
- Air
- Energy
- Land
- Waste
- Safety & Hazards
- Community



**Land Management**

- Biodiversity
- Water
- Land
- Safety & Hazards
- Community



**Regional Transport**

- Air
- Energy
- Transport
- Safety & Hazards



**Flood Protection**

- Biodiversity
- Land
- Recreation & Parks
- Safety & Hazards
- Community



**Regional Water Supply**

- Water
- Energy
- Safety & Hazards



**Parks & Forests**

- Biodiversity
- Water
- Energy
- Recreation & Parks
- Community



## TAKE 10 QUALITY FOR LIFE TARGETS TO 2013

### Biodiversity

- 50 wetlands on private land legally protected (28 in 2004).
- 400 native forest areas on private land protected (150 in 2004).
- 80% of our region under intensive possum control (73.4% in 2004).

### Water

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

## PROGRESS SUMMARY TO 30 JUNE 2005

- Two additional wetlands on private land were approved for covenants, with our financial support, in 2004/05 (30 in 2005).
- Fifteen additional native forest areas on private land were approved for covenanting, with our financial support, in 2004/05 (166 in 2004).
- Possum control area undertaken under the Bovine Tb National Pest Management Strategy totalled 509,216 hectares.
- Possum control area undertaken under all other Greater Wellington managed schemes totalled 53,914 hectares.
- Possum control area undertaken by DoC under their biodiversity enhancement scheme totalled 74,020 hectares.
- Combined, this equals 78.4% of the region in 2005.

- Records show full compliance with the microbiological and chemical requirements of the Drinking Water Standards for NZ 2000. This is for water leaving our water treatment plants and within the bulk distribution system.
- Wainuiomata Water Treatment Plant received an A1 Ministry of Health grading: the highest possible. It is the first treatment plant in New Zealand to have been graded A1 under the most recent grading rules.
- 74 resource consents were held at 30 June 2005. All consents were fully complied with apart from two mainly complying and three partially complying. Remedial action was taken in these five cases.



### TAKE 10 QUALITY FOR LIFE TARGETS TO 2013

#### Water

(continued)

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

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

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

#### Air

No recorded instances when air pollution reaches the “alert” level of the national air quality standards.

### PROGRESS SUMMARY TO 30 JUNE 2005

Customer reservoirs were over 70% full for at least 90% of the time each month. This target was achieved for 96.7% of all reservoir months.

The technical report on water quality completed in July 2005 showed that the quality of the Ngarara and Waitohu Streams has improved since 1999.

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

97.2% of all samples taken at 76 sites around the region’s coastline met the required guidelines.

47% of sites failed to meet the required standards on one or more occasion during the year. In most cases (91.5%) where the guideline was exceeded, the reason was associated with rainfall in the preceding 48 hours.

In the period to June 2005 there were 23 recorded instances where the “alert” level was reached. These were:

- Masterton – 15 exceedences (PM<sub>10</sub>)
- Central Wellington – 1 exceedence (PM<sub>10</sub>)
- Lower Hutt – 2 exceedences (PM<sub>10</sub>)
- Wainuiomata – 5 exceedences (PM<sub>10</sub>)



## TAKE 10 QUALITY FOR LIFE TARGETS TO 2013



### Energy

Fewer than 400 million litres of petrol and diesel used for transport purposes per annum (442 million in 2004).

At least a 500% increase in electrical energy produced from renewable energy sources in the regions (14 GWh in 2003).

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



### Land

5,000 additional hectares of erosion-prone land under sustainable management practices (56,873 hectares in 2003).

No overall deterioration in the health of our soils.

## PROGRESS SUMMARY TO 30 JUNE 2005

During 2004/05, 459 million litres of fuel were sold within the region. This compares with 452 million litres in 2003/04 and represents a 1.5% increase.

Genesis Energy has completed the expansion of the Hau Nui wind farm which shall produce about 32 GWh a year, an increase of 18 GWh. Meridian Energy has announced a 210 MW wind farm proposal for west Wellington. If developed it will produce about 860 GWh a year.

A baseline figure of 4707 tonnes of carbon equivalent was established for the 2003/04 year, using the national best practice methodology EBEX21 managed by Landcare Research.

Stabilising of erosion-prone land is progressing. Another 390 hectares of soil conservation trees were planted during 2004/05 using sustainable management practices.

98 sites have been sampled since the programme started in 2000/01. As no repeat sampling has yet been undertaken it is not possible to determine whether soil health has deteriorated at any of the sites monitored. This will be possible in 2005/06.



### TAKE 10 QUALITY FOR LIFE TARGETS TO 2013



#### Transport

Less than 45% of work trips into central Wellington made by private car (45% in 2004).

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

Average travel times to key facilities do not increase.



#### Waste

Greater Wellington Regional Council's waste reduced by half.

Reported pollution incidents reduced by half.

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

### PROGRESS SUMMARY TO 30 JUNE 2005

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

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

A new baseline was established in 2004 which showed that 19% of trips, shorter than 2km, were made by active modes.

In March 2005 a travel time survey was carried out on representative routes to key facilities in the Wellington, Hutt and Porirua CBDs, Wellington International Airport and the industrial area at Seaview. The survey showed that the all day, all network, congestion level was an average of 0.42 minutes (25 seconds) per kilometre travelled. This represents an 8% increase when compared with an average of 0.39 minutes (23 seconds) per kilometre travelled in March 2004.

During the 2004/05 year Greater Wellington's rubbish collection was reduced by 369,000 litres which is a 35% decrease in the amount of rubbish that was collected from all our sites.

During 2004/05, 1107 incidents were reported across the region. This represents a 3% reduction on the 1141 reported incidents in 2002/03 which is the baseline used for assessing this target.

No measure of progress to date. We will survey businesses participating in the Take Charge environmental education programme to determine if they have waste reduction initiatives in place.



## TAKE 10 QUALITY FOR LIFE TARGETS TO 2013

### Recreation & Parks

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

### Safety & Hazards

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

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

No significant accidents in our harbours and coasts.

Safety concerns do not stop people using public transport.

## PROGRESS SUMMARY TO 30 JUNE 2005

A survey was conducted in May 2005. 51% of respondents reported that they had visited a regional park in the 2004/05 year.

During the year the region was hit by a number of significant storms that caused isolated damage to houses, roads, and rural properties.

The January 2005 storm led to flooding of a number of houses in Hathaway Avenue, Lower Hutt, and at Otaihanga, Waikanae. Works that will substantially reduce the risk of damage from future floods are planned or underway at both these locations.

Overall our flood protection schemes performed well during the year’s storms.

A survey on community preparedness was conducted in May/June 2005. 26% of residents consider they have an emergency plan (down from 31% in 2004) while 67% of all households claim they have emergency survival supplies (up 1% from 2004).

There were no significant accidents in our harbours and coasts.

Target met in 2003 and sustained in 2005 (no one surveyed in the Annual Report on Regional Land Transport Strategy cited safety concerns as a reason for not using public transport).



## Outcomes and Targets

### TAKE 10 QUALITY FOR LIFE TARGETS TO 2013



#### Community

Five new care groups per annum.

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

### PROGRESS SUMMARY TO 30 JUNE 2005

Seven new care groups were established in the year to June 2005.

77% of people reported positively in 2005 (an increase from 67% in 2004).





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

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

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

### **Ara Tahī**

Ara Tahī is Greater Wellington's inter-iwi representative group. The forum met fourteen times last year and is used for collective discussion and to provide policy advice to Council. During the year Ara Tahī considered how Greater Wellington could meet its requirements to Maori as set out in the Local Government Act 2002. Recommendations were made to Council. This work is ongoing.

Two representatives from Ara Tahī were appointed to the Wellington Regional Strategy Forum. The representatives received guidance from Ara Tahī, which commissioned work on Maori economic development for input to the Strategy Forum.

### **Regional Land Transport Committee**

A member from Ara Tahī was appointed to the Regional Land Transport Committee together with an Alternative, to represent cultural interests.

### **Resource consents**

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

### **Technical workshops**

Four technical workshops were held involving staff and iwi. The workshop topics were the Local Government Act 2002, the Wellington Regional Strategy, iwi content on Greater Wellington's website and the New Zealand Archaeological Association heritage register upgrade.

### **Iwi projects**

Greater Wellington supports iwi to undertake projects that have mutual benefits and that assist iwi to become more involved in the management of resources. One new project this year involved Ngati Toa Rangatira planting the area around and improving access to the urupa behind Hongoeka Marae. Other projects were ongoing.

### **Maori policy advisors**

Greater Wellington employs two specialist Maori policy advisors. These staff enable Greater Wellington to provide enhanced assistance to iwi and to build and maintain stronger relationships.

### **Review**

During the year Greater Wellington commenced a review of its relationship with Maori with a view to identifying opportunities for improvement. The review is ongoing and will involve discussions with Ara Tahī.



## Operating results

Greater Wellington's net operating surplus for the 2004/05 financial year was \$10.8 million compared with a budgeted surplus of \$0.9 million. Significant components of this surplus above budget were:

- Regional Water Supply benefited from reduced expenditure on chemicals, supplies and power. These savings also resulted in lower financial costs leading to an overall saving of \$1.3m this year.
- A surplus of \$2.2 million in Regional Transport included increases in the Land Transport New Zealand Financial Assistance Rate for Transport funding and surplus from delays in a number of planned projects including rolling stock refurbishment. These projects will be carried into 2005/06.
- Other Regional Responsibilities included:
  - The sale of surplus land at Mabey Road, Lower Hutt resulted in a surplus of \$3.2 million.
  - An additional surplus of \$2.4 million was achieved from Investment Management, primarily through increased interest income and additional income from Greater Wellington subsidiaries.

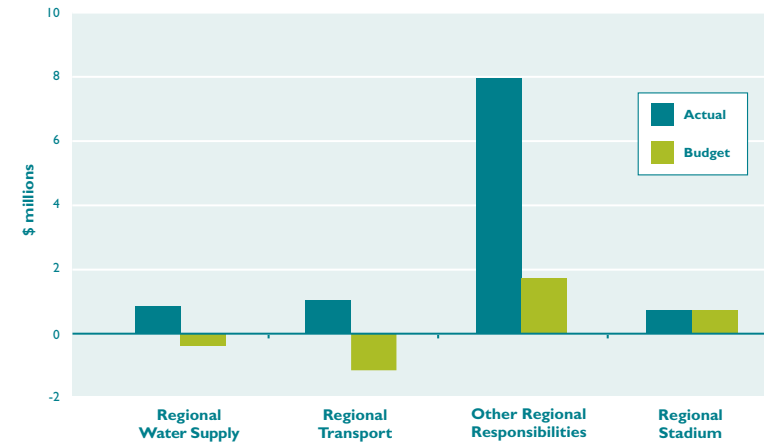
## Capital expenditure

The August 2004 storms and January 2005 floods created a challenging year resulting in changed capital plans and delays in projects as repair work was undertaken. However, as the adjacent table shows, the level of capital expenditure in 2004/05 remained relatively high compared to recent levels.

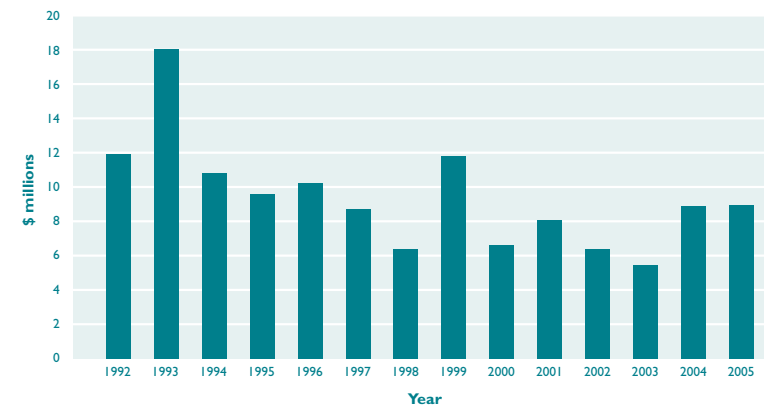
Notable capital projects advanced or completed during 2004/05 included:

- Hutt Valley capital flood protection works including the completion of the Strand Park realignment.
- Significant progress on the Lower Wairarapa Valley development scheme.
- Over \$4 million on upgrades and improvements across the Wholesale Water network to ensure performance targets and standards are maintained.

### 2005 Operating Surplus (Deficit) by Funding Type



### Net Capital Expenditure





## Funding

The adjacent table summarises Greater Wellington’s operating result by funding type and shows how surplus funds have been applied. Funds have primarily been applied to capital expenditure, investment additions and debt servicing.

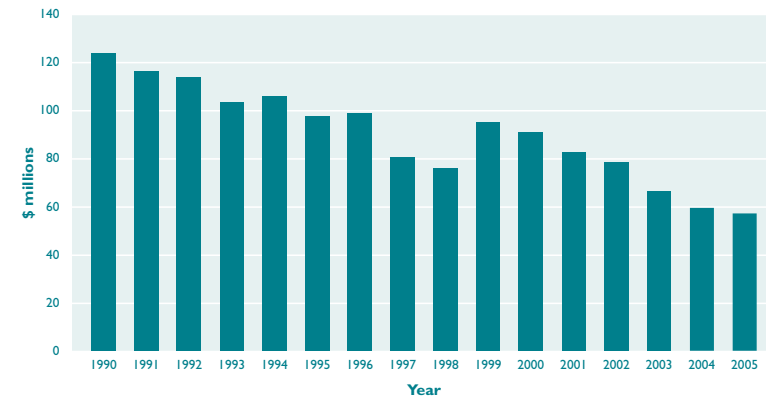
Greater Wellington’s funding surplus from operations above budget of \$16.8 million has been applied to capital expenditure and investment additions and debt reduction of \$2.1 million.

Funding Impact Statement	2005 Actual \$000's	2005 Budget \$000's	Variance \$000's
Regional water supply	874	(392)	1,266
Regional transport	1,067	(1,162)	2,229
Regional stadium	829	829	0
Other regional responsibilities	8,025	1,679	6,346
<b>Operating surplus (deficit)</b>	<b>10,795</b>	<b>954</b>	<b>9,841</b>
Add Back Non Cash Items	5,961	8,968	(3,007)
<b>Funding surplus from operations</b>	<b>16,756</b>	<b>9,922</b>	<b>6,834</b>
<b>less:</b>			
Net capital expenditure	8,914	14,552	(5,638)
Investment additions	1,824	1,752	72
<b>Net capital expenditure and investment</b>	<b>10,738</b>	<b>16,304</b>	<b>(5,566)</b>
Working capital movement	3,946	0	3,946
Debt Repayment	2,072	(6,382)	8,454
<b>Net funding surplus (deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Debt

Net debt (after reduction for sinking funds) has been reduced by \$2.1 million during the year; from \$59.7 million at 30 June 2004 to \$57.6 million at 30 June 2005. Since 1990 debt has been reduced from \$123.4 million, a reduction of over 53%. The majority of Greater Wellington's debt now relates to Regional Water Supply, Flood Protection and the Regional Stadium.

## Debt

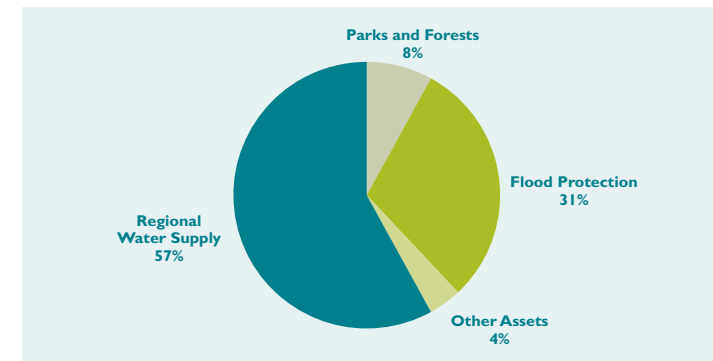


## Asset management

The majority of Greater Wellington's asset base consists of Regional Water Supply, Parks and Forests and Flood Protection assets. These important community assets are required to be maintained and enhanced to enable Greater Wellington to continue to provide the agreed service levels to the community.

To ensure best practice, Greater Wellington continually updates detailed asset management plans for all strategic assets. Implementation of these plans is an integral component of Greater Wellington's financial management framework.

## Fixed Assets





## Financial Statements for the year ended 30 June 2005

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### Notes

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## Statement of Financial Performance for the year ended 30 June 2005

	Notes	Group 2005 Actual \$000's	Group 2004 Actual \$000's	Council 2005 Actual \$000's	Council 2005 Budget \$000's	Council 2004 Actual \$000's
<b>Operating Revenue</b>						
Rates & Levies		78,839	77,269	78,839	78,367	77,269
Grants & Subsidies		28,521	27,027	28,521	28,759	27,027
Investment Revenue		4,289	3,893	4,708	4,286	4,031
Other External Revenue		65,581	54,566	21,009	17,892	15,673
<b>Total External Operating Revenue</b>	<b>1</b>	<b>177,230</b>	<b>162,755</b>	<b>133,077</b>	<b>129,304</b>	<b>124,000</b>
<b>Operating Expenditure</b>						
Personnel		24,692	22,845	24,692	24,949	22,845
Grants & Subsidies		43,368	42,804	43,368	45,989	42,804
Interest		9,203	9,522	4,627	5,163	5,491
Depreciation		14,221	12,850	9,454	8,968	8,448
Operating Expenses		72,470	63,144	40,141	43,281	37,241
<b>Total External Operating Expenditure</b>	<b>2</b>	<b>163,954</b>	<b>151,165</b>	<b>122,282</b>	<b>128,350</b>	<b>116,829</b>
Operating Surplus before Taxation		<b>13,276</b>	<b>11,590</b>	<b>10,795</b>	<b>954</b>	<b>7,171</b>
Taxation Expense	10	603	1,420	0	0	0
<b>Operating Surplus for the Year</b>		<b>12,673</b>	<b>10,170</b>	<b>10,795</b>	<b>954</b>	<b>7,171</b>
Less Net Surplus Attributable to Minority Interest	14	4,395	7,441	0	0	0
Plus Unrealised increase in the value of Investment Properties		14,399	27,044	0	0	0
<b>Net Surplus Attributable to Council's Interest</b>		<b>22,677</b>	<b>29,773</b>	<b>10,795</b>	<b>954</b>	<b>7,171</b>

## Statement of Financial Performance by Groups of Activities for the year ended 30 June 2005



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	Council 2005 Actual \$000's	Council 2005 Budget \$000's		Council 2005 Actual \$000's	Council 2005 Budget \$000's
<b>Operating Revenue</b>			<b>Operating Expenditure</b>		
Environment Management	12,590	12,625	Environment Management	12,163	12,568
Regional Transport	56,042	55,925	Regional Transport	54,975	57,087
Regional Water Supply	26,970	23,780	Regional Water Supply	26,096	24,172
Land Management	9,916	12,055	Land Management	9,786	12,307
Flood Protection	15,951	12,049	Flood Protection	10,900	9,517
Parks & Forests	5,947	5,918	Parks & Forests	6,253	6,028
Investment in Democracy	3,829	3,828	Investment in Democracy	3,907	3,970
Council Investments	9,978	8,509	Council Investments	7,152	7,966
Other	2,976	3,195	Other	2,172	3,315
<b>Total Operating Revenue</b>	<b>144,199</b>	<b>137,884</b>	<b>Total Operating Expenditure</b>	<b>133,404</b>	<b>136,930</b>
Less: Internal Operating Revenue	11,122	8,580	Less: Internal Operating Expenditure	11,122	8,580
<b>Total External Operating Revenue</b>	<b>133,077</b>	<b>129,304</b>	<b>Total External Operating Expenditure</b>	<b>122,282</b>	<b>128,350</b>
			<b>Operating Surplus</b>	<b>10,795</b>	<b>954</b>
			Capital Expenditure	12,829	14,977
			Proceeds from Assets Sales	(3,915)	(425)
			Loan Funding of Capital Expenditure	(9,299)	(11,500)
			<b>Rate/Levy-Funded Capital Expenditure</b>	<b>(385)</b>	<b>3,052</b>
			Other Loan Funding	(5,539)	(3,126)
			Debt Repayment	15,127	14,568
			Investment Movements	1,824	(2,146)
			Reserve Movements	1,783	(2,426)
			Working Capital Movements	3,946	0
			Non-Cash Items	(5,961)	(8,968)
			<b>Net Funding Required</b>	<b>0</b>	<b>0</b>

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



## Statement of Movements in Ratepayers' Funds for the year ended 30 June 2005

	Notes	Group 2005 Actual \$000's	Group 2004 Actual \$000's	Council 2005 Actual \$000's	Council 2005 Budget \$000's	Council 2004 Actual \$000's
<b>Parent Interest</b>						
<b>Ratepayers' Funds at the Start of the Year</b>		<b>602,617</b>	<b>490,310</b>	<b>542,118</b>	<b>487,539</b>	<b>483,221</b>
Net Surplus for the Year		22,677	29,773	10,795	954	7,171
Increase/(Decrease) in Asset Revaluation Reserves	<b>13</b>	(850)	82,534	0	0	51,726
<b>Total Recognised Revenues &amp; Expenses for the Year</b>		<b>21,827</b>	<b>112,307</b>	<b>10,795</b>	<b>954</b>	<b>58,897</b>
<b>Ratepayers' Funds at the End of the Year</b>		<b>624,444</b>	<b>602,617</b>	<b>552,913</b>	<b>488,493</b>	<b>542,118</b>
<b>Minority Interest</b>						
<b>Ratepayers' Funds at the Start of the Year</b>	<b>14</b>	<b>30,889</b>	<b>14,866</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Surplus for the Year		4,395	7,441	0	0	0
Increase/(Decrease) in Asset Revaluation Reserves		(255)	9,242	0	0	0
<b>Total Recognised Revenues &amp; Expenses for the Year</b>		<b>4,140</b>	<b>16,683</b>	<b>0</b>	<b>0</b>	<b>0</b>
Distribution to Owners		(831)	(660)	0	0	0
<b>Ratepayers' Funds at the End of the Year</b>		<b>34,198</b>	<b>30,889</b>	<b>0</b>	<b>0</b>	<b>0</b>



# Statement of Financial Position

## as at 30 June 2005



	Notes	Group 2005 Actual \$000's	Group 2004 Actual \$000's	Council 2005 Actual \$000's	Council 2005 Budget \$000's	Council 2004 Actual \$000's
<b>Ratepayers' Funds</b>						
Retained Earnings	12	274,032	252,637	232,459	222,847	222,946
Reserves	13	350,412	349,980	320,454	265,646	319,172
		624,444	602,617	552,913	488,493	542,118
Minority Interests	14	34,198	30,889	0	0	0
<b>Total Ratepayers' Funds</b>		<b>658,642</b>	<b>633,506</b>	<b>552,913</b>	<b>488,493</b>	<b>542,118</b>
<b>Assets</b>						
Current Assets	3	68,670	74,245	63,963	72,899	67,928
Non-Current Assets	5	757,916	722,200	566,176	504,037	561,512
<b>Total Assets</b>		<b>826,586</b>	<b>796,445</b>	<b>630,139</b>	<b>576,936</b>	<b>629,440</b>
<b>Liabilities</b>						
Current Liabilities	8	26,220	36,675	19,482	30,072	29,265
Non-Current Liabilities	9	141,724	126,264	57,744	58,371	58,057
<b>Total Liabilities</b>		<b>167,944</b>	<b>162,939</b>	<b>77,226</b>	<b>88,443</b>	<b>87,322</b>
<b>Net Assets</b>		<b>658,642</b>	<b>633,506</b>	<b>552,913</b>	<b>488,493</b>	<b>542,118</b>

**Ian Buchanan**  
Chairman  
18 October 2005

**David Benham**  
Chief Executive  
18 October 2005

**Barry Turfrey**  
Chief Financial Officer  
18 October 2005



## Statement of Cash Flows for the year ended 30 June 2005

	Notes	Group 2005 Actual \$000's	Group 2004 Actual \$000's	Council 2005 Actual \$000's	Council 2005 Budget \$000's	Council 2004 Actual \$000's
<b>Cash Flows from Operating Activities</b>						
<b>Cash provided from:</b>						
Customers		45,866	38,468	0	0	0
Rates		57,031	50,605	57,031	55,589	50,605
Water Supply Levy		22,776	22,776	22,776	22,776	22,776
Government Subsidies		28,521	27,027	28,521	28,759	27,027
Interest		5,674	3,512	3,963	2,844	3,204
Dividends		364	250	435	819	789
Fees, Charges & Other Revenue		18,281	14,023	20,241	17,894	16,316
		178,513	156,661	132,967	128,681	120,717
<b>Cash disbursed to:</b>						
Payment to Suppliers & Employees		149,019	126,918	115,843	114,219	101,804
Interest		8,784	9,195	4,201	4,742	5,117
Income Tax Paid / (Refund)		(192)	(348)	0	0	0
		157,611	135,765	120,044	118,961	106,921
<b>Net Cash Flows from Operating Activities</b>	<b>20</b>	<b>20,902</b>	<b>20,896</b>	<b>12,923</b>	<b>9,720</b>	<b>13,796</b>
<b>Cash Flows from Investing Activities</b>						
<b>Cash provided from:</b>						
Sale of Property, Plant & Equipment		4,299	762	3,915	425	308
Repayment of Advance from Associate Company		1,150	0	0	0	0
Sinking Funds		4,002	145	4,002	3,974	145
Disposal of Other Investments		0	200	0	0	0
		9,451	1,107	7,917	4,399	453

## Statement of Cash Flows for the year ended 30 June 2005



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Notes	Group 2005 Actual \$000's	Group 2004 Actual \$000's	Council 2005 Actual \$000's	Council 2005 Budget \$000's	Council 2004 Actual \$000's
<b>Cash disbursed to:</b>					
Purchase of Property, Plant & Equipment	18,162	17,578	12,287	14,977	8,963
Plantation Forestry Development	287	337	287	0	337
Sinking Funds	4	51	4	0	51
Development of Investment Properties	18,015	0	0	0	0
Council Contingency Investments	1,536	1,971	1,536	1,206	1,971
	38,004	19,937	14,114	16,183	11,322
<b>Net Cash Flows from Investing Activities</b>	<b>(28,553)</b>	<b>(18,830)</b>	<b>(6,197)</b>	<b>(11,784)</b>	<b>(10,869)</b>
<b>Cash Flows from Financing Activities</b>					
<b>Cash provided from:</b>					
Loan Funding	27,849	8,848	11,969	14,206	8,302
	27,849	8,848	11,969	14,206	8,302
<b>Cash disbursed to:</b>					
Debt Repayment	18,543	14,905	18,382	12,142	14,905
Repayment of Intercompany Current Account	0	0	477	0	333
Dividends Paid to Minority Interests	706	785	0	0	0
	19,249	15,690	18,859	12,142	15,238
<b>Net Cash Flows from Financing Activities</b>	<b>8,600</b>	<b>(6,842)</b>	<b>(6,890)</b>	<b>2,064</b>	<b>(6,936)</b>
<b>Net Increase/(Decrease) in Cash Held</b>	<b>949</b>	<b>(4,776)</b>	<b>(164)</b>	<b>0</b>	<b>(4,009)</b>
Opening Cash & Call Deposits	2,330	7,106	2,869	1,878	6,878
<b>Closing Cash &amp; Call Deposits</b>	<b>3,279</b>	<b>2,330</b>	<b>2,705</b>	<b>1,878</b>	<b>2,869</b>

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



## Statement of Accounting Policies

### 1. Reporting entity

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

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

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

### 2. Measurement base

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

### 3. Accounting policies

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

#### 3.1 Basis of consolidation

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

#### 3.2 Revenue recognition

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

#### 3.3 Investments

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

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

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

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

#### 3.4 Property, plant & equipment and depreciation

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



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

### Valuation and additions

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

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

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

### Regional Water Supply

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

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

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

### Flood Protection

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

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

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

Western Flood Protection land was revalued at 30 June 2002 by Stewart Littlejohn FNZIV, FNZPI & Martin Veale ANZIV, SNZPI, using a derived value rate per hectare, based on sales data of Rural and Reserve land from recognised valuation sources which reflects fair value.

Baker & Associates revalued Wairarapa Flood Protection land on 1 June 2002. Land valuation was completed by F T Rutherford BBS (VPM) NZPI, using comparison to market sales of comparable type land in similar locations to each parcel, which reflects fair value.

### Parks & Forests

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



## Statement of Accounting Policies

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

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

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

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

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

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

Subsequent purchases of fixed assets are recorded at cost. Cost represents the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

All fixed assets, except land are depreciated.

The Regional Council Centre (RCC) is treated as an investment property within WRCH Group and as Property, Plant and Equipment within the GWRC Group.

The RCC is revalued annually to net current value by an independent registered valuer.

### **Depreciation**

Depreciation is provided on a straight line basis at rates, which will write off assets, less their estimated residual value, over their remaining useful lives. The useful lives of major classes of assets have been estimated as follows:

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

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

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

### **3.5 Inventories**

Cost of inventories held for maintenance and construction purposes is calculated using the weighted average cost method.

Nursery stocks are valued at 50% of current market value. All other inventories are valued at the lower of cost or net realisable value on a first in first out basis.



### 3.6 Taxation

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

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

### 3.7 Accounts receivable

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

### 3.8 Leases

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

Operating lease payments, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are charged as expenses in the periods in which they are incurred.

### 3.9 Employee entitlements

A provision for employee entitlements is recognised as a liability in respect of benefits earned by employees 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 twelve months of balance date, the provision is the estimated amount expected to be paid by Greater Wellington. The provision for other employee benefits is stated at the present value of the future cash outflows expected to be incurred.

### 3.10 Financial instruments

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

### 3.11 Foreign currency

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

### 3.12 Goods and services tax

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

### 3.13 Overhead allocation and internal transactions

Greater Wellington allocates overhead from support service functions on a variety of different bases that are largely determined by usage. The treasury operation in Greater Wellington is treated as an internal banking activity. Any surplus generated is credited directly to the Statement of Financial Performance.



## Statement of Accounting Policies

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

The “Investment in Democracy” costs have not been allocated to significant activities, except where there is a major separate community of benefit other than the whole region i.e. Regional Water Supply and Regional Transport.

### 3.14 Statement of cash flows

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

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

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

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

### 3.15 Rounding of amounts

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

### 3.16 Comparatives

In most cases comparison is made with the 2004/05 budget as set out in the 2004/05 Annual Plan. In other cases the comparatives are the 2003/04 actual figures. Where necessary, comparatives have been changed to assist comparability.

## 4. Changes in accounting policies

During 2005 CentrePort Limited created a new category of non-current assets; Investment Properties, and changed its accounting policy for the treatment of unrealised changes in value of investment properties. Under the new categorisation developed investment properties and land held for development are classes within investment properties. Previously these classes were within fixed assets. The new accounting policy recognises changes in the valuation of investment properties in the statement of financial performance whereas previously these changes were recognised against equity.

In respect to:

- (a) CentrePort’s operational port freehold land, the group changed its policy of accounting from recording these assets at cost to recording them at valuation in accordance with FRS 3. The implementation of the new accounting policy has had the impact of increasing equity and fixed assets in the group statement of financial position in the current year by \$13,903,000.
- (b) Investment properties, the reclassification of these properties has changed the group’s accounting from recording these assets at cost to recording them at valuation in accordance with SSAP 17 and the groups existing policy on investment properties. The implementation of the new accounting policy has had the impact of increasing the group’s net surplus recorded in the statement of financial performance and fixed assets in the statement of financial position in the current year by \$13,903,000.

With the exception of the above changes in accounting policies, there have been no material changes in Accounting Policies since the date of the last audited statements.



## Notes to the Financial Statements for the year ended 30 June 2005



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### Note 1

	Group 2005 Actual \$000's	Group 2004 Actual \$000's	Council 2005 Actual \$000's	Council 2005 Budget \$000's	Council 2004 Actual \$000's
<b>Revenue</b>					
General Rates	21,877	21,106	21,877	21,659	21,106
Transport Rates	27,088	26,366	27,088	27,088	26,366
River Rates	2,941	2,782	2,941	2,942	2,782
Regional Water Supply Levy	22,776	22,776	22,776	22,776	22,776
Bovine Tuberculosis Rates	142	131	142	143	131
Stadium Purposes Rate	2,676	2,676	2,676	2,676	2,676
Wairarapa Scheme Rates	1,083	1,080	1,083	1,083	1,080
Rate Penalties	403	371	403	0	371
Remissions of Rate Penalties	(147)	(19)	(147)	0	(19)
Government Grants & Subsidies	28,521	27,027	28,521	28,759	27,027
Dividends	12	0	662	819	323
Equity Accounted Earnings from Associates	417	334	0	0	0
Subvention Revenue	1,460	1,859	1,932	382	2,329
Sinking Fund Interest	83	504	83	78	504
Other Interest	4,249	3,525	3,963	3,389	3,204
Other Subsidiaries Revenue	45,267	39,570	0	0	0
Other Revenue	18,382	12,667	19,077	17,510	13,344
<b>Total Operating Revenue</b>	<b>177,230</b>	<b>162,755</b>	<b>133,077</b>	<b>129,304</b>	<b>124,000</b>

The Government has allocated \$105,438 to Greater Wellington Regional Council to be used to remit rates on commercial properties in the region affected by the February 2004 storms. The affected properties have had their rates remitted in the 2004/05 financial year.



## Notes to the Financial Statements for the year ended 30 June 2005

### Note 2

#### Total Operating Expenditure Includes

	Group 2005 Actual \$000's	Group 2004 Actual \$000's	Council 2005 Actual \$000's	Council 2005 Budget \$000's	Council 2004 Actual \$000's
Assets Written Off	594	394	4	0	485
Bad Debts Written Off	122	26	107	0	14
Directors Fees	270	235	0	0	0
Fees Paid to Principal Auditors for Audit of Financial Statements	120	124	110	103	114
Fees Paid to Other Auditors for Audit of Financial Statements	53	52	0	0	0
Fees Paid to Principal Auditors for Other Services	6	8	6	30	8
Fees Paid to Other Auditors for Other Services	61	137	0	0	0
Increase (Decrease) in Provision for Doubtful Debts	(84)	136	(118)	0	91
Operating Lease Rentals	875	1,008	1,394	1,560	1,525
LGNZ Subscriptions	65	65	65	65	65
Insurance	1,470	1,459	1,470	1,521	1,451
Impairment of Asset	3,048	0	0	0	0

## Notes to the Financial Statements for the year ended 30 June 2005



### Note 2 (continued)

#### Depreciation by Category

##### Operational by Assets

Port Buildings & Wharves	2,618	2,739	0	0
Land & Buildings	68	48	68	48
Fixtures & Fittings	919	79	25	61
Plant & Equipment	1,442	1,803	187	158
Motor Vehicles	772	725	772	725
Computer Equipment/Software	525	804	525	804

Floodplain Management Plans

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454

454

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##### Infrastructural Assets

Flood Protection	196	195	196	195
Transport Facilities	206	206	206	206
Navigational Aids	44	46	44	46
Parks & Forests	397	399	397	399

196

195

196

195

206

206

206

206

44

46

44

46

397

399

397

399

##### Regional Water Supply

Infrastructure Assets	6,333	5,105	6,333	5,105
Administration Buildings	1	1	1	1
Minor Equipment	121	109	121	109
Motor Vehicles	125	137	125	137

6,333

5,105

6,333

5,105

1

1

1

1

121

109

121

109

125

137

125

137

##### Total Depreciation

**14,221**

**12,850**

**9,454**

**8,448**



## Notes to the Financial Statements for the year ended 30 June 2005

### Note 3

#### Current Assets

	Notes	Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
Bank & Call Deposits		3,279	2,330	2,705	2,869
Receivables	4	18,410	19,779	15,079	15,052
Inventory		2,124	2,195	1,799	1,825
Investments	6	44,380	49,102	44,380	47,952
Property, Plant & Equipment – Property Intended for Sale		0	230	0	230
Taxation Refund Due		477	609	0	0
		<b>68,670</b>	<b>74,245</b>	<b>63,963</b>	<b>67,928</b>

### Note 4

#### Receivables

	Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
Rates Outstanding	6,399	7,367	6,399	7,367
Other Receivables	12,998	13,587	8,544	8,067
Provision for Subvention Receivable	0	0	472	470
Provision for Dividends Receivable	0	0	651	323
Less Provision for Doubtful Debts	(987)	(1,175)	(987)	(1,175)
	<b>18,410</b>	<b>19,779</b>	<b>15,079</b>	<b>15,052</b>

## Notes to the Financial Statements for the year ended 30 June 2005



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### Note 5

	Notes	Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
<b>Non-Current Assets</b>					
Future Tax Benefit		2,320	1,117	0	0
Investments	6	112,101	99,212	60,121	58,144
Property, Plant & Equipment	7	643,495	621,871	506,055	503,368
		<b>757,916</b>	<b>722,200</b>	<b>566,176</b>	<b>561,512</b>

### Note 6

		Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
<b>Investments</b>					
Bank Deposits		44,000	44,000	44,000	44,000
Sinking Funds		380	4,295	380	4,295
Water Supply Contingency Investment		8,109	6,856	8,109	6,856
Major Flood Recovery Fund		1,428	1,145	1,428	1,145
Plantation Forests		16,431	16,144	16,431	16,144
New Zealand Local Government Insurance Corporation Limited Shares		80	80	80	80
WRC Holdings Limited Shares		0	0	9,073	8,576
Stadium Advance		25,000	25,000	25,000	25,000
Investment Properties		59,753	48,509	0	0
Other Investments		1,300	2,285	0	0
<b>Total Investments</b>		<b>156,481</b>	<b>148,314</b>	<b>104,501</b>	<b>106,096</b>
Investments Current Portion	3	44,380	49,102	44,380	47,952
Investments Non-Current Portion	5	112,101	99,212	60,121	58,144
<b>Total Investments</b>		<b>156,481</b>	<b>148,314</b>	<b>104,501</b>	<b>106,096</b>



## Notes to the Financial Statements for the year ended 30 June 2005

### Investments (continued)

The \$44 million proceeds from the sale of CentrePort Limited shares and convertible notes from Greater Wellington to Port Investments Limited have been invested in a bank deposit.

As at 30 June 2005 these investments have an interest rate of 7.43% (2004 6.34%) and are due to mature on 15 August 2005.

Greater Wellington has money invested on deposit with financial institutions to comply with regulations on the provision of sinking funds. As at 30 June 2005 the sinking funds have a weighted average interest rate of 9.5% (2004 13.18%) and an estimated fair value of \$380,000 (2004 \$4.3 million).

As at 30 June 2005 the weighted average interest rate on the water supply contingency investment (after the effect of derivatives) is 7.01% (2004 6.72%) and an estimated fair value of \$8.1 million (2004 \$6.9million).

As at 30 June 2005 the weighted average interest rate on the major flood recovery fund is 7.09% (2004 6.09%) and has an estimated fair value of \$1.4 million (2004 \$1.1 million).

Independent valuations of the plantation forests have been completed by Alan Bell and Associates. The estimated value of plantation forests (excluding land, roads, bridges and fences) as at 30 June 2005 based on a discount rate of 8.0% post-tax is \$18 million (2004 \$20 million).

Greater Wellington holds 100% of the shares in WRC Holdings Limited. The book value of these shares \$9.2 million (2004 \$8.6 million) reflects the net asset backing of the investment at 30 June 2005.

Greater Wellington advanced \$25 million to the Wellington Regional Stadium Trust in August 1998. The advance is currently on an interest free basis, with limited rights of recourse recognising the "quasi equity" nature of the advance. At 30 June 2005 Greater Wellington expects that the advance, will be fully repaid. The obligations of Greater Wellington to fund the Trust are defined under a Funding Deed dated 30 January 1998. Under the terms of this deed, any interest charged on the limited-recourse loan is accrued and added to the loan. It is not repayable until after all other debts of the Trust are extinguished.

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

The Group's investment properties comprise of CentrePort's developed and undeveloped properties which are revalued annually to net current value. These were valued by P Butchers and W Bunt, independent registered valuers of CB Richard Ellis on 30 June 2005. The valuations were based on market value less estimated cost of disposal.

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

## Notes to the Financial Statements for the year ended 30 June 2005



### Note 7

#### Property, Plant & Equipment – Group

##### Operational Assets

	Historical Cost Basis 2005 \$000's	Revalued Cost Basis 2005 \$000's	Revaluation/ Cost 2005 \$000's	Accumulated Depreciation 2005 \$000's	Book Value 2005 \$000's	Historical Cost Basis 2004 \$000's	Revalued Cost Basis 2004 \$000's	Revaluation/ Cost 2004 \$000's	Accumulated Depreciation 2004 \$000's	Book Value 2004 \$000's
Port Buildings & Wharves	79,634	0	79,634	25,864	53,770	58,338	0	58,338	23,706	34,632
Land & Buildings	4,633	70,590	75,223	1,029	74,194	4,060	68,540	72,600	1,065	71,535
Fixtures & Fittings	2,619	0	2,619	2,519	100	2,606	0	2,606	2,476	130
Plant & Equipment	29,940	0	29,940	16,055	13,885	32,297	0	32,297	16,487	15,810
Motor Vehicles	5,070	0	5,070	2,876	2,194	4,832	0	4,832	2,670	2,162
Computer Equipment/Software	5,265	0	5,265	3,758	1,507	4,435	0	4,435	3,287	1,148

##### Floodplain Management Plans

	127,161	70,590	197,751	52,101	145,650	106,568	68,540	175,108	49,691	125,417
	6,640	0	6,640	3,597	3,043	6,640	0	6,640	3,143	3,497

##### Infrastructural Assets

Flood Protection	6,669	147,179	153,848	583	153,265	2,495	146,303	148,798	389	148,409
Transport Facilities	11,958	0	11,958	4,131	7,827	11,958	0	11,958	3,924	8,034
Navigational Aids	1,737	0	1,737	1,037	700	1,737	0	1,737	993	744
Parks & Forests	16,347	23,039	39,386	786	38,600	15,501	23,049	38,550	394	38,156
	36,711	170,218	206,929	6,537	200,392	31,691	169,352	201,043	5,700	195,343
Capital Works In Progress	1,157	0	1,157	0	1,157	2,100	0	2,100	0	2,100

##### Total Regional Responsibilities

	<b>171,669</b>	<b>240,808</b>	<b>412,477</b>	<b>62,235</b>	<b>350,242</b>	<b>146,999</b>	<b>237,892</b>	<b>384,891</b>	<b>58,534</b>	<b>326,357</b>
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##### Regional Water Supply Assets

Infrastructure Assets	2,442	293,134	295,576	6,315	289,261	0	293,134	293,134	0	293,134
Administration Buildings	0	446	446	1	445	0	446	446	0	446
Minor Equipment	1,871	0	1,871	1,183	688	1,786	0	1,786	1,116	670
Motor Vehicles	1,032	0	1,032	750	282	1,009	0	1,009	725	284
Capital Works In Progress	2,577	0	2,577	0	2,577	1,210	0	1,210	0	1,210
<b>Total Regional Water Supply</b>	<b>7,922</b>	<b>293,580</b>	<b>301,502</b>	<b>8,249</b>	<b>293,253</b>	<b>4,005</b>	<b>293,580</b>	<b>297,585</b>	<b>1,841</b>	<b>295,744</b>

##### Group Property, Plant & Equipment

	<b>179,591</b>	<b>534,388</b>	<b>713,979</b>	<b>70,484</b>	<b>643,495</b>	<b>151,004</b>	<b>531,472</b>	<b>682,476</b>	<b>60,375</b>	<b>622,101</b>
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##### Item classified as current asset

	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>230</b>
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##### Total Group Property, Plant & Equipment

	<b>179,591</b>	<b>534,388</b>	<b>713,979</b>	<b>70,484</b>	<b>643,495</b>	<b>151,004</b>	<b>531,472</b>	<b>682,476</b>	<b>60,375</b>	<b>621,871</b>
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## Notes to the Financial Statements for the year ended 30 June 2005

### Note 7 (continued)

#### Property, Plant & Equipment – Council

##### Operational Assets

	Historical Cost Basis 2005 \$000's	Revalued Cost Basis 2005 \$000's	Revaluation/ Cost 2005 \$000's	Accumulated Depreciation 2005 \$000's	Book Value 2005 \$000's	Historical Cost Basis 2004 \$000's	Revalued Cost Basis 2004 \$000's	Revaluation/ Cost 2004 \$000's	Accumulated Depreciation 2004 \$000's	Book Value 2004 \$000's
Port Buildings & Wharves	0	0	0	0	0	0	0	0	0	0
Land & Buildings	4,633	0	4,633	1,029	3,604	4,060	0	4,060	1,065	2,995
Fixtures & Fittings	904	0	904	841	63	891	0	891	816	75
Plant & Equipment	2,580	0	2,580	1,738	842	2,111	0	2,111	1,577	534
Motor Vehicles	5,070	0	5,070	2,876	2,194	4,832	0	4,832	2,670	2,162
Computer Equipment/Software	5,265	0	5,265	3,758	1,507	4,435	0	4,435	3,287	1,148
	18,452	0	18,452	10,242	8,210	16,329	0	16,329	9,415	6,914
Floodplain Management Plans	6,640		6,640	3,597	3,043	6,640	0	6,640	3,143	3,497

##### Infrastructural Assets

Flood Protection	6,669	147,179	153,848	583	153,265	2,495	146,303	148,798	389	148,409
Transport Facilities	11,958	0	11,958	4,131	7,827	11,958	0	11,958	3,924	8,034
Navigational Aids	1,737	0	1,737	1,037	700	1,737	0	1,737	993	744
Parks & Forests	16,347	23,039	39,386	786	38,600	15,501	23,049	38,550	394	38,156
	36,711	170,218	206,929	6,537	200,392	31,691	169,352	201,043	5,700	195,343
Capital Works In Progress	1,157	0	1,157	0	1,157	2,100	0	2,100	0	2,100

##### Total Regional Responsibilities

	<b>62,960</b>	<b>170,218</b>	<b>233,178</b>	<b>20,376</b>	<b>212,802</b>	<b>56,760</b>	<b>169,352</b>	<b>226,112</b>	<b>18,258</b>	<b>207,854</b>
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##### Regional Water Supply Assets

Infrastructure Assets	2,442	293,134	295,576	6,315	289,261	0	293,134	293,134	0	293,134
Administration Buildings	0	446	446	1	445	0	446	446	0	446
Minor Equipment	1,871	0	1,871	1,183	688	1,786	0	1,786	1,116	670
Motor Vehicles	1,032	0	1,032	750	282	1,009	0	1,009	725	284
Capital Works In Progress	2,577	0	2,577	0	2,577	1,210	0	1,210	0	1,210
<b>Total Regional Water Supply</b>	<b>7,922</b>	<b>293,580</b>	<b>301,502</b>	<b>8,249</b>	<b>293,253</b>	<b>4,005</b>	<b>293,580</b>	<b>297,585</b>	<b>1,841</b>	<b>295,744</b>

##### Council Property, Plant & Equipment

	<b>70,882</b>	<b>463,798</b>	<b>534,680</b>	<b>28,625</b>	<b>506,055</b>	<b>60,765</b>	<b>462,932</b>	<b>523,697</b>	<b>20,099</b>	<b>503,598</b>
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##### Item classified as current asset

	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>230</b>
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##### Total Group Property, Plant & Equipment

	<b>70,882</b>	<b>463,798</b>	<b>534,680</b>	<b>28,625</b>	<b>506,055</b>	<b>60,765</b>	<b>462,932</b>	<b>523,697</b>	<b>20,099</b>	<b>503,368</b>
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## Notes to the Financial Statements for the year ended 30 June 2005



### Note 8

#### Current Liabilities

Accounts Payable  
Employee Provisions  
Current Account WRCHL Group  
Provision For Dividend  
Debt

Notes

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	Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
Accounts Payable	21,016	25,473	14,729	18,654
Employee Provisions	3,696	4,012	1,575	1,640
Current Account WRCHL Group	0	0	2,086	2,126
Provision For Dividend	416	291	0	0
Debt	1,092	6,899	1,092	6,845
	<b>26,220</b>	<b>36,675</b>	<b>19,482</b>	<b>29,265</b>

### Note 9

#### Non-Current Liabilities

Employee Provisions  
Debt

11

	Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
Employee Provisions	839	918	839	918
Debt	140,885	125,346	56,905	57,139
	<b>141,724</b>	<b>126,264</b>	<b>57,744</b>	<b>58,057</b>



## Notes to the Financial Statements for the year ended 30 June 2005

### Note 10

#### Taxation

Net Surplus before Taxation  
Net Surplus not subject to Taxation

#### Net Surplus Subject to Tax

Income Tax at 33%

#### Adjustments for Permanent Differences

Tax Effect of Imputation Credits  
Non Assessable Income  
Deferred Tax Benefits not Previously Recognised  
Tax Loss not Recognised  
Prior Period Adjustment

#### Taxation Expense

#### The Taxation Expense is Represented By:

Current Year Taxation  
Future Taxation Benefit

#### Taxation Expense

	Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
Net Surplus before Taxation	13,276	11,590	10,795	7,171
Net Surplus not subject to Taxation	(11,293)	(8,178)	(12,117)	(7,679)
<b>Net Surplus Subject to Tax</b>	<b>1,983</b>	<b>3,412</b>	<b>(1,322)</b>	<b>(508)</b>
Income Tax at 33%	654	1,127	(436)	(168)
<b>Adjustments for Permanent Differences</b>				
Tax Effect of Imputation Credits	(447)	(549)	(110)	(260)
Non Assessable Income	364	540	0	0
Deferred Tax Benefits not Previously Recognised	(515)	(127)	0	0
Tax Loss not Recognised	566	460	532	428
Prior Period Adjustment	(19)	(31)	14	0
<b>Taxation Expense</b>	<b>603</b>	<b>1,420</b>	<b>0</b>	<b>0</b>
<b>The Taxation Expense is Represented By:</b>				
Current Year Taxation	1,716	1,349	0	0
Future Taxation Benefit	(1,113)	71	0	0
<b>Taxation Expense</b>	<b>603</b>	<b>1,420</b>	<b>0</b>	<b>0</b>

## Notes to the Financial Statements for the year ended 30 June 2005



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### Note 10 (continued)

#### Taxation (continued)

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

#### Subvention Payments

The financial statements accrue a subvention payment for the utilisation of losses of the Greater Wellington Regional Council of \$0.48 million payable by Pringle House Limited. A subvention payment of \$0.48 million was made by Pringle House Limited to the Greater Wellington Regional Council in relation to the amount accrued in the 2004 year. A subvention payment of \$1.45 million was received from the CentrePort Group during the year in consideration for the CentrePort Group's utilisation of losses of the Greater Wellington Regional Council in relation to the 2004 year.

#### Timing Differences Not Recognised

A deferred tax asset of \$6.52 million (2004 \$6.26 million), has not been recognised in relation to timing differences in the subsidiary companies from the difference between accounting and tax depreciation on the basis that there is no virtual certainty of the realisation of that asset. Of this amount \$6.33 million relates to CentrePort Limited.

#### Tax Losses Not Recognised

Greater Wellington has tax losses of \$2.96 million (2004 \$5.76 million) available to be carried forward and to be offset against taxable income in the future. The tax effect of these losses is \$0.98 million (2004 \$1.90 million). WRC Holdings Limited has tax losses of \$0.58 million (2004 \$0.37 million) available to be carried forward and to be offset against taxable income in the future. The tax effect of these losses is \$0.16 million (2004 \$0.12 million). WRC Holdings Limited's ability to carry forward tax losses is contingent upon them continuing to meet the requirements of the Income Tax Act 1994.

#### Imputation Credits

\$8.47 million (2004 \$8.25 million) of imputation credits are available within the subsidiaries to attach to future dividends paid to Greater Wellington. The subsidiaries' ability to carry forward imputation credits is contingent upon them continuing to meet the requirements of the Income Tax Act 1994.

#### Interest Deductibility

Inland Revenue are currently reviewing the deductibility of certain interest payments made by Greater Wellington. Greater Wellington's advisors are of the opinion that the interest expenditure should be deductible. The tax effect of the amount at issue to \$0.40 million (2004 \$0.28 million).



## Notes to the Financial Statements for the year ended 30 June 2005

### Note 11

	Notes	Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
<b>Debt</b>					
Opening Balance		132,245	137,862	63,984	70,147
New Loans Raised		12,395	8,742	12,395	8,742
Loans Repaid		(2,663)	(14,359)	(18,382)	(14,905)
<b>Total Debt</b>		<b>141,977</b>	<b>132,245</b>	<b>57,997</b>	<b>63,984</b>
Debt Current Portion	8	1,092	6,899	1,092	6,845
Debt Non-Current Portion	9	140,885	125,346	56,905	57,139
		<b>141,977</b>	<b>132,245</b>	<b>57,997</b>	<b>63,984</b>
<b>Council Debt Maturities</b>					
2006		1,092		1,092	
2007		85,603		1,623	
2008		16,683		16,683	
2009		1,397		1,397	
2010		16,606		16,606	
2011 and Later		20,596		20,596	
		<b>141,977</b>		<b>57,997</b>	

## Notes to the Financial Statements for the year ended 30 June 2005



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### Note 11 (continued)

#### Debt (continued)

Greater Wellington has an overdraft facility of \$1 million with the National Bank (not drawn at year end) which is unsecured. The current interest rate on the facility is 11.00% (2004 10.00%).

Local Government Stock issued by Greater Wellington prior to 30 June 1997 is fully secured. \$200,000 (2004 \$4.0 million) is secured by a charge against the regional water supply levy. All other Greater Wellington debt is unsecured.

As at 30 June 2005, Greater Wellington's external debt has a weighted average interest rate (after the effect of derivatives) of 7.50% (2004 7.63%) and an estimated fair value of \$59.9 million (2004 \$66.0 million). Further detailed analysis of external debt is provided on page 136.

CentrePort Limited has a bank loan facility of \$78.0 million (drawn to \$40.0 million) which is unsecured with a renewal date in 2007. The interest rate charged on the facility as at 30 June 2005 ranged from 5.8% to 7.2% p.a. (2004 ranged from 5.8% to 6.6% p.a.).

WRC Holdings Limited has a bank loan facility of \$44 million (drawn to \$44.0 million) which is secured by a debenture over the assets of company and matures on 28 October 2006. The interest rate charged on the facility as at 30 June 2005 was 7.53% (2004 6.44%).



## Notes to the Financial Statements for the year ended 30 June 2005

### Note 12

#### Retained Earnings

Opening Balance	
Operating Surplus for the Year	
Transferred from Reserves	
Transferred to Reserves	
Interest Earned	
Realised Asset Revaluation on Disposal	
<b>Closing Balance</b>	

Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
252,637	222,185	222,946	215,096
22,677	29,773	10,795	7,171
3,371	3,144	3,371	3,144
(4,758)	(2,202)	(4,758)	(2,202)
(397)	(361)	(397)	(361)
502	98	502	98
<b>274,032</b>	<b>252,637</b>	<b>232,459</b>	<b>222,946</b>

### Note 13

#### Reserves

Opening Balance	
Transferred from Operations	
Transferred to Operations	
Interest Earned	
Realised Asset Movements	
Infrastructure Asset Revaluation	
<b>Closing Balance</b>	

Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
349,980	268,125	319,172	268,125
4,758	2,202	4,758	2,202
(3,371)	(3,144)	(3,371)	(3,144)
397	361	397	361
(502)	(98)	(502)	(98)
(850)	82,534	0	51,726
<b>350,412</b>	<b>349,980</b>	<b>320,454</b>	<b>319,172</b>

## Notes to the Financial Statements for the year ended 30 June 2005



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### Note 13 (continued)

#### Reserves (continued)

##### Represented By

##### *Area of Benefit Reserves*

Regional Park Land Purchase Reserve

River Rate Reserves

Wairarapa Scheme Reserves

Transport Reserve

Bovine Tuberculosis Rate Reserve

Regional Water Supply Reserve

Wairarapa Workshop Reserve

Akura Nursery Reserve

BioWorks

##### *Contingency Reserves*

Rural Fire Contingency Reserve

Flood Contingency Reserve

Environment Legal Contingency Reserve

##### *Special Reserves*

Election Reserve

Corporate Systems Reserves

##### *Expense Re-budgeting Reserves*

Expenditure Carried Forwards

##### **Total Operational Reserves**

Asset Revaluation Reserve

Investment Revaluation Reserve

##### **Total Reserves**

	Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
	826	877	826	877
	506	401	506	401
	1,533	1,746	1,533	1,746
	3,029	2,296	3,029	2,296
	860	871	860	871
	0	0	0	0
	36	30	36	30
	(26)	(14)	(26)	(14)
	113	0	113	0
	50	50	50	50
	1,039	77	1,039	77
	276	330	276	330
	31	205	31	205
	474	0	474	0
	1,463	1,558	1,463	1,558
<b>Total Operational Reserves</b>	<b>10,210</b>	<b>8,427</b>	<b>10,210</b>	<b>8,427</b>
	339,999	341,351	310,041	310,543
	203	202	203	202
<b>Total Reserves</b>	<b>350,412</b>	<b>349,980</b>	<b>320,454</b>	<b>319,172</b>



## Notes to the Financial Statements for the year ended 30 June 2005

### Note 13 (continued)

#### Reserves (continued)

##### Asset Revaluation Reserve by Category

Land & Buildings	
Flood Protection	
Transport Facilities	
Navigational Aids	
Parks & Forests	
Regional Water Supply – Infrastructure Assets	
<b>Total Asset Revaluation Reserve</b>	

Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
30,314	31,299	356	491
108,202	108,073	108,202	108,073
1,517	1,517	1,517	1,517
(6)	0	(6)	0
13,649	13,658	13,649	13,658
186,323	186,804	186,323	186,804
<b>339,999</b>	<b>341,351</b>	<b>310,041</b>	<b>310,543</b>

### Note 14

#### Minority Interests

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



# Notes to the Financial Statements for the year ended 30 June 2005



## Note 15

### Contingencies

#### Contingent Liabilities

Legal Proceedings & Obligations  
Uncalled Capital in WRC Holdings Limited

Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
364	2,201	364	2,201
0	0	75,000	75,000
<b>364</b>	<b>2,201</b>	<b>75,364</b>	<b>77,201</b>

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

#### Subsidiary Companies – CentrePort Limited

In respect of CentrePort the following contingent liabilities existed at 30 June 2005:

- (a) A party has commenced litigation disputing the level of CentrePort's charges and seeking some reimbursement of charges paid. CentrePort has lodged counter claims against this party for breach of contract in respect of charges that have been withheld. The charges determined by CentrePort as appropriate, are included within trade receivables (Note 3) at balance date. Professional advice indicates that the group has no significant further exposure to this claim.
- (b) A party has commenced litigation claiming that CentrePort provided an unsafe work environment. Professional advice indicates that CentrePort has no significant exposure to this claim.



## Notes to the Financial Statements for the year ended 30 June 2005

### Note 16

#### Commitments

##### Transport Operator Commitments

Less than One year  
One to Two Years  
Two to Five Years  
Later than Five Years

##### Operating Lease Commitments

Less than One Year  
One to Two Years  
Two to Five Years  
Later than Five Years

##### Capital Commitments

##### Total Commitments

	Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
	24,496	35,488	24,496	35,488
	18,791	15,488	18,791	15,488
	19,631	26,876	19,631	26,876
	0	694	0	694
	<b>62,918</b>	<b>78,546</b>	<b>62,918</b>	<b>78,546</b>
	1,037	1,171	1,883	1,978
	959	779	1,843	1,793
	1,045	1,113	4,096	4,389
	1	6	1	1,298
	<b>3,042</b>	<b>3,069</b>	<b>7,823</b>	<b>9,458</b>
	<b>29,196</b>	<b>25,064</b>	<b>2,044</b>	<b>4,372</b>
	<b>95,156</b>	<b>106,679</b>	<b>72,785</b>	<b>92,376</b>

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

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

##### Subsidiary Companies – CentrePort Limited

At balance date there were commitments in respect of contracts for capital expenditure of \$27,152,000 (2004 \$20,692,000) and for operating leases \$1,847,000 (2004 \$1,363,000).



## Note 17

### Financial Instruments

#### Currency risk

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

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

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

#### Credit risk

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

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

Greater Wellington manages receivables on behalf of itself and the WRC Holdings Group of companies, (excluding CentrePort Limited) and a provision for doubtful debts is maintained and monitored on a regular basis. Bank balances and short-term investments are held with New Zealand registered banks in accordance with Greater Wellington's Treasury Management Policy. No collateral is held by Greater Wellington in respect to bank balances or investments. CentrePort Limited performs credit evaluations on all customers requiring credit and generally does not require collateral.

#### Concentration of credit risk

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

#### Liquidity risk

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

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

#### Interest rate risk

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

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

To minimise the risk on external debt, management monitors the levels of interest rates on an ongoing basis and uses forward rate, swap agreements and interest rate collars (options) to manage interest rate exposures for future periods. At 30 June 2005 the Group had entered into the following interest rate swaps and interest rate collar agreements:



## Notes to the Financial Statements for the year ended 30 June 2005

### Note 17 (continued)

#### Interest rate swap maturities:

Less than One Year  
One to Two Years  
Two to Three Years  
Three to Four Years  
Four to Five Years  
Five to Six Years

Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
2,500	7,500	0	0
3,000	2,500	(5,000)	0
5,000	3,000	5,000	(5,000)
10,000	5,000	10,000	5,000
5,000	10,000	5,000	10,000
0	5,000	0	5,000
<b>25,500</b>	<b>33,000</b>	<b>15,000</b>	<b>15,000</b>

#### Interest rate collars:

\$5 million  
\$5 million  
\$5 million  
\$10 million

Commencing	Maturity	Floor	Cap
25/01/05	25/07/06	6.25%	7.10%
25/01/05	25/01/07	6.25%	7.10%
25/01/05	25/07/07	6.25%	7.10%
23/01/07	22/01/09	6.23%	7.00%

#### Fair values

**As at 30 June 2005 the estimated fair values of the Group's interest rate swap agreements are:**

Estimated Fair Value of Interest Rate Swap Agreements  
Estimated Fair Value of Interest Rate Collars  
Estimated Fair Value of Foreign Exchange Contracts

Group 2005 \$000's	Group 2004 \$000's	Council 2005 \$000's	Council 2004 \$000's
110	269	(15)	149
(48)	0	0	0
(683)	0	0	0

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

# Notes to the Financial Statements for the year ended 30 June 2005



## Note 18

### Severance Payments

During the year ended 30 June 2005, the Greater Wellington Regional Council had not made any severance payments to the Chief Executive.

There was no employee (2004 one) who received a severance payment (2004 \$41,952).

## Note 19

### Remuneration

#### Councillor Remuneration

Councillor J Aitken
Councillor S Baber
Councillor H Barr
Chairman I Buchanan
Councillor G Evans
Councillor P Glensor
Councillor S Greig
Councillor R Kirton
Councillor C Laidlaw
Councillor R Long
Councillor T McDavitt
Councillor M Shields
Councillor R Thomas
Councillor C Turver
Councillor F Wilde
Councillor D Werry
Councillor I Yardley ( <i>resigned 19 February 2004</i> )

Council 2005 \$000's	Council 2004 \$000's
----------------------------	----------------------------

49,533	42,421
29,591	0
14,156	43,022
122,525	67,914
55,942	43,022
29,859	0
29,859	0
55,942	42,587
62,930	64,306
62,930	64,306
66,749	67,209
74,261	121,380
13,676	42,587
68,618	64,542
29,859	0
20,723	64,362
0	27,627

#### Chief Executive Remuneration

For the year ending 30 June 2005 the Chief Executive of the Greater Wellington Regional Council, appointed under section 42(1) of the Local Government Act 2002, received total remuneration of \$313,000 (2004 \$276,000). The Chief Executive resigned on 14 June 2005.



## Notes to the Financial Statements for the year ended 30 June 2005

### Note 20

#### Reconciliation of Operating Surplus with Cash Flow from Operating Activities

##### Operating Surplus

##### Add non-cash items

Depreciation	14,221	12,850	9,454	8,448
Impairment of cranes	3,048	0	0	0
Net Loss (Gain) on Sale of Property, Plant & Equipment	(3,006)	283	(2,984)	466
Assets Written Off/(Written Back)	594	394	4	485
Equity Accounted Earnings from Associate Companies	(165)	(85)	0	0
Decrease (Increase) in Value of Investments	101	0	(496)	(691)
Decrease (Increase) in future tax benefit	(1,201)	221	0	0

##### Add (Less) Movements in Working Capital

Decrease (Increase) in Accounts Receivable	(1,046)	(4,329)	(27)	(3,256)
Decrease (Increase) in Inventory	(21)	(98)	25	(13)
Decrease (Increase) in Tax Refund Due	144	(316)	0	0
Increase (Decrease) in Accounts Payable	(3,226)	2,121	(3,925)	904
Increase (Decrease) in Employee Provisions	(395)	(296)	(144)	224
Increase (Decrease) in WRC Holdings Group Current Account	0	(1)	437	322

##### Add (Less) Items Classified as Investing Activities

Decrease (Increase) in Accounts Payable Related to Property, Plant & Equipment	(1,475)	(78)	(559)	(200)
Dividends Paid/Payable	313	124	0	0
Sinking Funds Interest Compounded	(83)	(504)	(83)	(504)

##### Add (Less) Items Classified as Financing Activities

Forestry Encouragement Loan Interest Compounded	426	440	426	440
<b>Net Cash Flow From Operating Activities</b>	<b>20,902</b>	<b>20,896</b>	<b>12,923</b>	<b>13,796</b>

Group  
2005  
\$000's

Group  
2004  
\$000's

Council  
2005  
\$000's

Council  
2004  
\$000's

# Notes to the Financial Statements for the year ended 30 June 2005



## Note 21

### Related Parties

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

All transactions with related parties have been carried out on normal commercial terms. Significant transactions during the year ended 30 June 2005 included:.

#### CentrePort Wellington Group

Income from Use of Navigational Facilities and Consents Charges  
Expense for Rental & Services  
Wellington Waterfront Ltd license fees from Centreport

#### WRC Holdings Group (Excluding CentrePort)

Income from Management Services Provided  
Income from Subvention Payment  
Income from Dividends  
Expense for Rent of the Regional Council Centre  
Expense for Interest on Inter Company Current Account

#### Sign Factory

Expense for Services

#### Wellington Waterfront Ltd

Resource consent fees

	Council 2005 \$000's	Council 2004 \$000's
	695	677
	(64)	(25)
	105	0
	247	243
	477	470
	651	323
	(1,178)	(1,146)
	(142)	(116)
	(2)	(6)
	(19)	0



## Notes to the Financial Statements for the year ended 30 June 2005

### Note 22

#### Subsequent events

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





## Report on Groups of Activities Including Statement of Service Performance

<b>Environment Management</b>	<b>57</b>
<b>Regional Transport</b>	<b>77</b>
<b>Regional Water Supply</b>	<b>85</b>
<b>Land Management</b>	<b>95</b>
<b>Flood Protection</b>	<b>103</b>
<b>Parks and Forests</b>	<b>109</b>
<b>Investment in Democracy</b>	<b>117</b>
<b>Investments</b>	<b>119</b>

For each activity the actual achievement is compared to the planned performance indicators as set out in the 2004/05 Annual Plan.

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

Any remaining funding surplus after reserve transfers is used to repay debt in accordance with Council policy.





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

Greater Wellington develops and implements resource management policies and plans, manages resource consents and responds to pollution incidents. Our environmental education programmes promote good environmental management and are targeted at schools and businesses, as well as the general community through community care groups.

We will report our progress with the region’s environmental well-being through the State of the Environment Report, later this year. Cultural well-being in New Zealand is extremely dependent on a healthy environment.

Together with other councils, emergency services and health providers, we plan for and deliver emergency management in the region. Greater Wellington also regulates the region’s harbours and coastal waters, ensuring they are safe for commercial and recreational users. Both these activities contribute to the social and economic well-being of the region.

## PROGRESS ON OUR CONTRIBUTIONS

### Biodiversity

**Protecting, restoring ecosystems**

Two additional wetlands and 15 additional native forest areas on private land were approved for covenanting, with Greater Wellington financial support, in 2004-2005.

### Water

**Managing quality and quantity of all our water**

The quality of the Ngarara and Waitohu Streams has improved since 1999 as shown in the technical report on water quality completed in July 2005.

93.6% of all water samples taken at 76 coastal sites met the guidelines.

### Air

**Preventing air pollution**

There were 23 recorded instances where the “alert” level of air pollution was reached.

### Energy

**Promoting everyday conservation**

A baseline figure of 4707 tonnes of carbon equivalent was established for the 2003/04 year, using the national best practice methodology EBEX 21 managed by Landcare Research.

### Land

**Protecting and enhancing soil quality**

To provide a baseline for monitoring soil quality and intactness, a total of 98 sites has been sampled since the programme started in 2000/01. Repeat sampling will start in 2005/06.

### Waste

**Encouraging waste reduction and safe disposal**

No measure to date. We will survey businesses participating in the Take Charge business education programme to determine if they have waste reduction initiatives in place.

**Responding to pollution incidents  
Pollution prevention**

During 2004/05, 1107 pollution incidents were reported, compared with 1141 in 2002/03. This represents a 3% reduction.

### Safety & Hazards

**Promoting safety: harbour management, civil defence**

In a survey on community preparedness, 26% of residents claim to have an emergency plan while about 67% of all households claim to have emergency survival supplies.

There were no significant accidents in our harbours or coasts.

### Community

**Supporting environmental care groups**

Seven groups joined the Take Care programme this year.



## Environment Management Targets

### Managing resources

#### Planned Targets

##### LONG TERM

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

- 50 wetlands legally protected.
- 400 native forest areas on private land protected.
- The water quality of our six most polluted streams improves.
- No significant deterioration of water quality in our key streams and rivers.
- Coastal water quality does not fall below the standard for which it is being managed.
- Greater Wellington's carbon footprint reduced by 10% per annum.
- Greater Wellington's waste reduced by half.

#### Actual

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

- 30 wetlands on private land currently legally protected. Two approved for covenanting with our financial support in 2004/05.
- 166 native forest areas are currently legally protected. In 2004/05, 15 were approved for covenanting with our financial support.
- Our six most polluted streams are Waiwhetu stream, Kaiwharawhara stream, Ngarara stream, Makoura stream, Waitohu stream and Ruamahanga river. The technical report on water quality has shown that the quality of the Ngarara and Waitohu streams has improved since 1999, while the others have showed no change.
- Technical report showed no significant deterioration of water in our key streams and rivers.
- 97.2 % of all samples taken in 2004/05 met the required quality guidelines. Generally, heavy rain before sampling resulted in remaining samples failing to meet the required standard.
- Carbon benchmark was set at 4,534 tonnes of carbon equivalent based on the 2004/05 year.
- Waste surveys undertaken at our offices at Wairarapa, Upper Hutt, Wellington and Harbours in 2002/03 and 2004/05 showed a 45.5% reduction in waste in that period.



### Managing resources (continued)

#### Planned Targets

**SHORT TERM** By 30 June 2005

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

- Wetland action plan
- QEII Trust private land protection programme

#### Actual

The Environment Committee approved a progress report on the implementation of the Regional Policy Statement and Regional Plans for the 2004/05 year on 16 August 2005.

A significant amount of work has been completed. Key results are:

- The Wetland Incentives Programme: some 63 landowners have received assistance under this programme. To date, the most popular form of assistance has been advice, followed by weed control then fencing.
  - A report on wetlands in the Wairarapa has been completed, and an inventory of wetlands of the region taken and held on a database. These will provide a benchmark for monitoring the health of the region's wetlands.
  - The publication "Understanding the 'wet' in wetlands" has been completed. This was, in part, funded by the national Biodiversity Advice Fund.
- In partnership with private landowners and the QE11 National Trust commitment made to protect 253.3 hectares of land through covenants, protecting predominantly lowland forest.



## Environment Management Targets

### Managing resources (continued)

#### Planned Targets

##### SHORT TERM (continued)

- Waiwhetu Stream action plan
- Kaiwharawhara Stream plan
- Waitohu Stream community plan

#### Actual

- Four projects associated with the contaminated sediments issue are underway. Two projects are refining our understanding of the character and extent of the sediments, and the suitability of land adjacent to the stream to carry a new stream channel. The other two are investigating the source of ongoing contaminant inputs into the stream from the Seaview/Gracefield area.
  - Local residents were given a brochure which identifies actions that they can take to better manage the stream.
  - As part of the annual riparian planting programme residents and schools have planted 2,000 native plants in three sites along the stream.
  - A floodplain management study will be undertaken following recent flood events. Efforts have been made to ensure integration of this study with the broader stream rehabilitation programme.
- A report, which includes a map showing areas of erosion risk, drainage and priorities for re-vegetation has been completed and presented to the WCC, council and community groups.
  - Plans have been prepared for planting and landscaping in the School Road area, and the work has been completed.
- Technical information has been analysed and highlights reported back to the community through a second newsletter. Community concerns over stream mouth cutting and estuary management have been worked through at a series of meetings with affected parties. A satisfactory agreement was reached with all concerned.



### Managing resources (continued)

#### Planned Targets

##### SHORT TERM (continued)

- Riparian management strategy
  
  
  
  
  
  
  
  
  
  
- Care group work

#### Actual

- The riparian strategy has been completed. With the exception of two pilot programmes at the Karori Stream and the Kakariki Stream, the programme is being implemented by the Wairarapa Operations Department.
  - The booklet, Mind the stream has been produced for landowners and care group workers. We have distributed 1,000 copies already and another 1,000 copies have been printed.
  - Other reports that have now been completed are 'Selecting catchments for streamside management assistance', 'Riparian management, what difference does it make?' and a review of the pilot projects in the western part of the region.
- The groups work throughout the year, clearing weeds, planting and nurturing their plants, and measuring the ecological changes they are causing (e.g., freshwater, bird, and forest monitoring).
  - As a measure of our success, two care groups received a 2005 Conservation Award – the Otari-Wilton's Bush Care Group for its restoration work on the Kaiwharawhara Stream and the Manuka Street Reserve Care group for its re-vegetation programme.



## Environment Management Targets

### Managing resources (continued)

#### Planned Targets

##### SHORT TERM (continued)

- Pauatahanui Inlet action plan
  
  
  
  
  
  
  
  
  
  
- Greater Wellington's waste reduction programme
  
  
  
  
  
  
  
  
  
  
- Greater Wellington's carbon footprint programme
  
  
  
  
  
  
  
  
  
  
- Wellington Harbour biodiversity case study

#### Actual

- Studies of the causes and rates of sedimentation rates in the Inlet have been completed. These suggest that, at present, the rate that sediment accumulates exceeds the capacity of the estuary to flush such sediment.
  - Support has been given to the Pauatahanui Inlet Community Trust's field day for landowners to launch their brochure, *Planting with a Purpose*.
  - The annual 'cockle count' took place with assistance from Greater Wellington staff. Analysis of the results was undertaken by NIWA and funded by Greater Wellington.
- Greater Wellington's waste reduction programme continues to operate. Waste surveys undertaken at our offices at Wairarapa, Upper Hutt, Wellington and Harbours in 2002/03 and 2004/05 show a 45.5% reduction in waste in that period.
- Procedures have been established to calculate the footprint with greater accuracy and ease each year. The footprint for 2004/05, at approximately 4,534 tonnes, is marginally lower than the previous year's rounded up figure of 5,000 tonnes.
- A draft of the action plan, which has been combined with the coastal dunes and escarpments action plan, has been prepared.
  - The Cawthron Institute has surveyed the inter-tidal zones of the Kapiti Coast, Plimmerton Beach, Titahi Bay and Makara estuary. This continues last year's work in Wellington Harbour and on the South Coast.



## Environment Management Targets



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### ■ Managing resources (continued)

#### Planned Targets

##### SHORT TERM (continued)

- Freshwater ecosystems programme

To the satisfaction of Council and within a budget of \$800,000.

- Massey University has prepared an Index of Biotic Diversity for freshwater fish in the region. The Index, which was presented to the April meeting of the Environment Committee, shows that the Wellington region has very good diversity compared to other regions.
  - A fish pass has been constructed in the Taupo Stream weir, which lies below Taupo Swamp. The project was a joint effort with DoC, QEII National Trust, Ngati Toa, Transit NZ and Porirua City Council.

Actual costs were \$702,000.



## Environment Management Targets

### Managing resources (continued)

#### Planned Targets

##### LONG TERM

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

##### SHORT TERM By 30 June 2005

All consent applications will be processed according to the procedures set down in the Resource Management Act 1991 and the Consents Processing Procedures Manual, within a budget of \$588,000.

All consents will be monitored according to the procedures set down in the Resource Management Act 1991 and the Compliance Monitoring Procedures Manual, within a budget of \$289,000.

#### Actual

All officers' reports on consent applications have referenced the Regional Policy Statement and relevant Regional Plan.

646 consents were processed in accordance with the Consent Processing Procedures Manual. Of these, 627 were processed within statutory timeframes. The median timeframe for non-notified consents was 10 working days.

Actual costs were \$411,000.

All consents monitored in accordance with the Resource Management Act 1991 and the Compliance Monitoring Procedures Manual. Annual compliance reports will be provided to the respective council committees. Specific compliance issues reported to the respective Council Committees during the year.

Actual costs were \$306,000.

## Environment Management Targets



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### Managing resources (continued)

#### Planned Targets

##### LONG TERM

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

##### SHORT TERM By 30 June 2005

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

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

#### Actual

The Council has continued to make significant progress in maintaining and improving its relationships with the Iwi of the Region. A number of workshops and training forums have been held to increase the knowledge and understanding of councillors, staff and iwi representatives. Iwi have continued to be funded to participate in the non-notified resource consent process and to undertake resource management projects.

Ara Tahi met fourteen times this financial year. Eight meetings were held specifically to discuss Ara Tahi input to the Wellington Regional Strategy Forum. Two representatives from Ara Tahi were appointed to the Strategy Forum. Ara Tahi continued to be used as a forum for collective discussion and to provide policy advice to Council.

Actual costs were \$74,000.

A number of iwi projects continued this year. Further work was completed on the GIS Inventory of Maori Heritage Values in the Port Nicholson Block (Wellington Tenths Trust). Draft protocols were developed to cover access to the data. Work also continued on the iwi management plan for Te Runanganui o Taranaki Whanui. Ngati Toa Rangatira were assisted with a project to plant an area around and improve access to the urupa behind Hongoeka Marae. Substantial progress has been made and the project will be completed during the current planting season.

Actual costs were \$156,000.



## Environment Management Targets

### Managing resources (continued)

#### Planned Targets

##### LONG TERM

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

- Have a comprehensive understanding of the state of the environment
- Enable the assessment of the effectiveness of resource consents and other management approaches, in achieving stated environmental outcomes
- Ensure the community has access to reliable and relevant information about the State of the Environment.

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

#### Actual

- A major State of the Environment (SOE) Report is prepared every six years. The next report is scheduled to be completed by June 2006.
- Comprehensive technical reports on the state of each of the major resources are prepared in the year preceding the SOE report. Report cards are prepared annually.
- All information is available to the community via the website or on request.

For the year ended 30 June 2005, the 'alert' level, for fine particulate matter, was reached 23 times at the following locations:

- Masterton – 15
- Lower Hutt – 2
- Wainuiomata – 5
- Central Wellington – 1

## Environment Management Targets



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### Managing resources (continued)

#### Planned Targets

##### SHORT TERM By 30 June 2005

A comprehensive technical report describing the condition of our important natural resources will be published which covers the following:

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

to the satisfaction of the Council and within a budget of \$1,685,000.

#### Actual

Technical reports on hydrology, groundwater, Lake Wairarapa, air quality, and soil quality monitoring and coastal investigations were completed by 30 June 2005. Technical reports on recreational water quality and freshwater quality were completed by 31 July 2005. All reports were presented to the Environment Committee on 16 August 2005.

Actual costs were \$1,591,000.



## Environment Management Targets

### Managing resources (continued)

#### Planned Targets

##### LONG TERM

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

##### SHORT TERM By 30 June 2005

All complaints and notified pollution incidents will be responded to, recorded and, where appropriate, followed up to the satisfaction of the Environment Committee and within a budget of \$240,000.

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

The number of pollution incidents received will reduce to 90% of the 2002/03 total.

#### Actual

A total of 1,107 incidents were reported, amounting to 3% less than the 2002/03 total (1,141).

All 1,107 incidents reported were responded to and, where appropriate, followed up. Regular reports were made to the Environment and Rural Services and Wairarapa Committee.

A pollution control report card was approved by the Environment Committee (2 December 2004) and widely distributed.

Target for 2004/05 was 1,027 incidents (90% of the 1,141 incidents reported in 2002/03). A total of 1,107 incidents were reported or 97% of the 2002/03 total.

Actual costs were \$317,000.

## Environment Management Targets



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### Environmental education

#### Planned Targets

##### LONG TERM

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

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

##### SHORT TERM By 30 June 2005

Through the Take Care programme, existing care groups will be maintained and five new care groups will be established and assisted in providing local environmental care, to the satisfaction of the Council and within a budget of \$246,000.

#### Actual

- A further seven care groups were established in 2004/05 bringing the total to 32 care groups. New groups were:
  - Eastbourne Dunes Protection Group
  - Waikanae Estuary Scientific Reserve Group
  - Paraparaumu Community Beach Management Interest Group
  - Silverstream Straight Wetland Group
  - Otaki North Beach Care Group
  - Nga Uruora
  - Papawai Stream Group
- 77% of Wellington residents say they are currently doing something to make a positive difference to the region's environment.
- Not yet surveyed. Our Take Charge programme for business has now carried out 247 audits.

A further seven community care groups joined the Take Care programme, while 26 others continue to be supported under the programme.



## Environment Management Targets

### Environmental education (continued)

#### Planned Targets

##### SHORT TERM (continued)

#### Actual

Altogether around 2,000 members of the community have been involved in care group and related programmes this year. These events cover:

- The completion by the Manuka Reserve Group (Masterton) of its planned re-vegetation programme. Only maintenance is likely to be needed at this site in the foreseeable future.
- The completion by the Otari-Wilton's Bush Trust Care Group of its programme of ecological restoration at the Otari site on the Kaiwharawhara Stream.
- The Glenside group have completed their first re-vegetation site on the Porirua Stream. Ongoing work at this site will be weed removal and infill planting.
- The completion by the Castlepoint group of their sand dune restoration project at the south end of the beach, with the dunes now rebuilding rather than eroding as before.
- A baseline survey of the dune restoration site where the Paraparaumu Community Beach Management Interest Group is working. This will enable the group to measure its progress over the next five years and evaluate the effectiveness of dune restoration techniques. Reshaping of the dune will occur in July, prior to planting.
- Restoration of wader ponds and continued stream edge planting by the group restoring the Henley Lake wetlands. The ponds are attracting a good mix of water fowl.
- Weed removal from the beach at Eastbourne and substantial replanting of pingao by the Eastbourne Dunes Protection Group.

Actual costs were \$198,000.



## Environment Management Targets



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### Environmental education (continued)

#### Planned Targets

##### SHORT TERM (continued)

The Take Action environmental education programme for school children will be implemented, to the satisfaction of the Council and within a budget of \$188,000.

#### Actual

2,195 students completed the Take Action programme in 2004/05 compared with 990 in the previous year (guided by Greater Wellington or self guided).

Significant achievements for the year have been:

- An increase in the number of self-guided schools due to greater marketing and enhanced training and resources for these schools
- The development of a whole school approach to Take Action for intermediate and larger schools (piloted with Ferguson Intermediate in terms two to four of 2005)
- The delivery of the programme to a large number of schools in the Upper Hutt area
- Completing the Take Action content for our new website.

Actual costs were \$160,000.



## Environment Management Targets

### Environmental education (continued)

#### Planned Targets

##### SHORT TERM (continued)

The Take Charge environmental education programme for businesses will be applied to one new business type or geographical area, to the satisfaction of the Council and within a budget of \$181,000.

- Take Charge audits were completed at two businesses with complex pollution issues to improve their pollution prevention procedures.
- An audit programme for Drain 6, a sub-catchment of the Wharemauku Stream, in Paraparaumu was developed and implemented.
- A total of 10 audits, 2 follow up visits and 32 screening surveys had been completed in 2004/05.

Actual costs were \$77,000.



## Managing emergencies

### Planned Targets

#### LONG TERM

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

#### SHORT TERM By 30 June 2005

30% of organisations and households will have an emergency plan and survival supplies, within a budget of \$41,000.

### Actual

A 2004 survey showed that 61% of households in the Wellington Region have emergency supplies.

However, a visual check carried out concurrently suggests that residents tend to over-estimate the amount of emergency water held by around 19% and other supplies by about 9%.

A survey conducted in May 2005 showed that 65% of households (61% in 2004) have emergency food supplies, 69% (68% in 2004) have emergency water supplies and 26% (31% in 2004) have an emergency plan.

The 2005 survey was a combined telephone and door knocking survey, which confirmed that the 2004 telephone survey was reliable.

Actual costs were \$28,000.



## Environment Management Targets

### Managing harbours

#### Planned Targets

##### LONG TERM

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

##### SHORT TERM By 30 June 2005

The Beacon Hill Harbour Communications Station will provide a 24-hour, 365-day-service, which is in accordance with Council-agreed operating standards, within a budget of \$315,000.

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

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

#### Actual

- One fatality recorded in Wellington Harbour during 2003/04. The sole occupant of a dinghy drowned. The dinghy was not carrying any safety equipment.
- Five significant oil spills occurred in 2003/04, all of which were cleaned up quickly.

The Beacon Hill Harbour Communications Station provided a 24-hour, 365-day-service, communications service in accordance with the Council's specified standards.

Actual costs were \$329,000.

- Thirty nine oil spills were reported and checked during the year. None of these was significant.
- On 1 March, in conjunction with CentrePort staff, an oil spill equipment exercise was held.
- A formal log kept.

Actual costs were \$12,000.

## Environment Management Targets



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### Managing harbours (continued)

#### Planned Targets

##### SHORT TERM (continued)

Within a budget of \$85,000, safety in our harbours and coastal waters will be maintained by:

- Administering the Wellington Regional Navigation and Safety Bylaws
- Educating recreational boaters and harbour users about safety issues
- Monitoring behaviour for safety purposes
- Investigating all reports of unsafe behaviour. A formal record will be kept.

#### Actual

- A further 2,000 copies of the Regional Navigation and Safety Bylaws were printed and distributed as required. The bylaws were promoted at various events.
- In partnership with CentrePort, a risk assessment of Wellington Harbour has been substantially completed.
- No significant events reported during the year. However, 52 complaints of unsafe boatie behaviour were responded to. A formal log kept.

Actual costs were \$136,000.



## Environment Management Financial Summary

### Funding Statement

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
General Rate	10,573	10,573
Other Rates	0	0
Government Subsidies	194	129
Interest & Dividends	16	16
Fees, Charges & Other Revenue	1,807	1,907
<b>Operating Revenue</b>	<b>12,590</b>	<b>12,625</b>
Direct Operating Expenditure	11,899	12,195
Interest	0	0
Depreciation	264	373
<b>Operating Expenditure</b>	<b>12,163</b>	<b>12,568</b>
<b>Operating Surplus/(Deficit)</b>	<b>427</b>	<b>57</b>
<b>Less:</b>		
Capital Expenditure	666	826
Proceeds from Asset Sales	(84)	(106)
Loan Funding		
<b>Rates Funded Capital Expenditure</b>	<b>582</b>	<b>720</b>
Debt Repayment		
Investment Additions		
Reserve Movements	(24)	(290)
Working Capital Movements	0	0
Non-Cash Items	(264)	(373)
<b>Net Funding Required</b>	<b>133</b>	<b>0</b>

### Operating Revenue

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Managing Resources	9,268	9,571
Environmental Education	1,288	940
Managing Harbours	1,467	1,547
Managing Emergencies	567	567
<b>Total Operating Revenue</b>	<b>12,590</b>	<b>12,625</b>

### Operating Expenditure

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Managing Resources	8,877	9,407
Environmental Education	1,259	1,075
Managing Harbours	1,543	1,589
Managing Emergencies	484	497
<b>Total Operating Expenditure</b>	<b>12,163</b>	<b>12,568</b>

### Capital Expenditure

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Land & Buildings	0	0
Plant & Equipment	419	545
Vehicles	247	281
<b>Total Capital Expenditure</b>	<b>666</b>	<b>826</b>



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

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

Many public transport journeys are made for social reasons and, indeed, last year the greater emphasis in the Hutt Valley on community transport saw a significant increase in public transport trips. The support we offer for special transport programmes for people with disabilities also leads to improved social well-being.

## PROGRESS ON OUR CONTRIBUTIONS

### Air

#### Promoting reduced vehicle emissions

There were 23 recorded instances where the "alert" level of air pollution was reached.

### Energy

#### Encourage use of public transport, cycling and walking

459 million litres of fuel was sold within the region, a 1.5% increase on 2003/04.

A new baseline was established in 2004 which showed that 19% of trips, shorter than 2km, were made by active (walking, cycling) modes.

In 2004/05, 32.4 million passenger trips were made on the region's public transport network, an increase of 2.5% from 2003/04. An increase of 3.5% on 2003/04 resulted in 405 million passenger kilometres travelled using public transport in 2004/05.

### Transport

#### Funding public transport services and facilities to:

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

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

A new baseline was established in 2004 which showed that 19% of trips, shorter than 2km, were made by active (walking, cycling) modes.

The March 2005 travel time survey on representative routes to key facilities showed an 8% increase over 2004.

### Safety & Hazards

#### Promoting safety within our transport systems

No one surveyed cited safety concerns as a reason for not using public transport. The target was met in 2003 and sustained in 2005.



## Regional Transport Targets

### Planning and monitoring the transport network

#### Planned Targets

##### LONG TERM

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

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

#### Actual

The current review of the RLTS under the Land Transport Act 1998 and Land Transport Management Act 2003 is programmed for completion by mid 2006.

The Annual Monitoring Report on the implementation of the adopted Regional Land Transport Strategy provides a time-based analysis of the Quality for Life measures as follows:

- All day average congestion over the strategic road network increased 8% during 2004/05; increasing from 0.39 minutes (23 seconds) of delay per kilometre travelled in 2004, to 0.42 minutes (25 seconds) of delay per kilometre travelled in 2005.
- During the year to 15 April 2005 there were 26 recorded instances of air quality monitoring results reaching the “alert” category; all were PM10 level exceedences with only one instance directly attributable to motor vehicle emissions.
- Between the 1996 and 2001 censuses, the proportion of work trips into central Wellington made by private vehicle reduced by 8% to 45%.
- In the last household survey we undertook (2001):
  - for short trips under 1 km – 44% of people chose to use the pedestrian or cycle modes of travel.
  - for short trips under 2 km – 33% of people chose to use pedestrian or cycle modes of travel.



## Regional Transport Targets



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### ■ Planning and monitoring the transport network (continued)

#### Planned Targets

##### LONG TERM (continued)

- Over the next ten years petrol and diesel used for transport purposes remain below 400 million litres per annum.

##### SHORT TERM By 30 June 2005

A recalibration of the region's transport model will be completed within a budget of \$175,000. The model will be used in the review of the Regional Land Transport Strategy (RLTS).

The review of the RLTS will continue within a budget of \$230,000.

#### Actual

The first active mode survey (undertaken in 2004) indicated:

- on average 74% of all trips up to 1 km were by an active mode (walking or cycling).
- 19% of all trips up to 2 km were by an active mode (walking or cycling).

- Fuel sales grew from a total of 452 million litres to 459 million litres in 2004.

The transport model was upgraded at a cost of \$34,755.

Work has begun on the review of the RLTS, expenditure to date is \$127,361. A commercial vehicle study was undertaken at a cost of \$139,961.



## Regional Transport Targets

### Building the public transport infrastructure

#### Planned Targets

##### LONG TERM

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

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

##### SHORT TERM By 30 June 2005

All current public transport user facilities will be maintained in accordance with the Greater Wellington's guidelines to the satisfaction of the Manager, Transport Procurement and within a budget of \$766,000.

A Porirua bus/rail interchange will be investigated in conjunction with Porirua City Council, within a budget of \$200,000.

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

#### Actual

The Land Transport Management Act 2003 allows Greater Wellington to own public transport infrastructure which will enable us over time to better manage the provision and maintenance of such facilities.

The Quality for Life measures are reported in the RLTS Annual Monitoring Report on a time series basis as follows:

- All day average congestion over the strategic road network increased 8% during 2004/05; increasing from 0.39 minutes (23 seconds) of delay per kilometre travelled in 2004, to 0.42 minutes (25 seconds) of delay per kilometre travelled in 2005
- In 2004, of the 201 respondents who said they had not used public transport in the previous 12 months, none cited safety concerns as the reason for this

All facilities have been maintained in accordance with our guidelines and to the satisfaction of the Manager, Transport Procurement. Costs for the year were \$897,684. The overspend against budget is a result of a higher than anticipated increase in infrastructure maintenance costs.

The Porirua bus/rail interchange is on hold until the completion of the Western Corridor Study.

Wellington City Council has completed work on the Dixon/Victoria/Manners Street bus priority lanes, including traffic light timings.

## Regional Transport Targets



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### Funding and promoting public transport

#### Planned Targets

##### LONG TERM

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

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

#### Actual

In 2004/05 there was 3% growth in the region's bus and train patronage. Services are increasing to accommodate this growth and increasing demand. Hutt Valley bus services (excluding Wainuiomata and Eastbourne) experienced the greatest increase in patronage at 16% growth (passenger trips) over 2004/05.

The Quality for Life measures are reported on an annual basis as follows:

- Between the 1996 and 2001 censuses, the proportion of work trips into central Wellington made by private vehicle reduced by 8% to 45%.
- All day average congestion over the strategic road network increased 8% during 2004/05; increasing from 0.39 minutes (23 seconds) of delay per kilometre travelled in 2004, to 0.42 minutes (25 seconds) of delay per kilometre travelled in 2005.
- 2003 calendar year fuel sales grew from a total of 452 million litres to 459 million litres in the 2004 calendar year.



## Regional Transport Targets

### Funding and promoting public transport (continued)

#### Planned Targets

##### SHORT TERM By 30 June 2005

Greater Wellington will achieve, through the tendering process approved by Land Transport New Zealand, a total contract price for bus and rail services of no more than \$42,683,000.

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

A 24-hour, 7-day passenger timetable enquiry service will be provided within a budget of \$380,000.

#### Actual

The total cost of contracted services, including concessionary fare reimbursements and school services was \$43,228,125. The unfavourable cost variance is a result of increased costs generally owing to higher diesel and road user charges.

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

The cost of providing this service was \$418,467. The cost variance from the budget was due to increased level of staff training to ensure a high professional standard for call handling and increase in staff overtime payments.

## Regional Transport Targets



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### Funding total mobility

#### Planned Targets

##### LONG TERM By 30 June 2005

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

##### SHORT TERM By 30 June 2005

The Total Mobility scheme will be administered to the satisfaction of Land Transport New Zealand within a budget of \$1,430,000.

#### Actual

Total Mobility Users are provided with subsidised taxis. As long as all those currently qualifying for the service can be accommodated, the level of access should remain at present levels.

Total Mobility procedures were carried out in accordance with Land Transport New Zealand guidelines. Costs for the year were \$1,446,710. The adverse cost variance was a result of an increase in client numbers over the year and also the increased usage of the scheme by current clients. We anticipated a 6% increase in passenger numbers, but the actual increase from the previous year was 13.5%



## Regional Transport Financial Summary

### Funding Statement

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
General Rate	0	0
Targeted Rate	27,088	27,088
Government Subsidies	28,242	28,552
Interest & Dividends	136	117
Fees, Charges & Other Revenue	576	168
<b>Operating Revenue</b>	<b>56,042</b>	<b>55,925</b>
Direct Operating Expenditure	54,391	56,514
Interest	271	271
Depreciation	313	302
<b>Operating Expenditure</b>	<b>54,975</b>	<b>57,087</b>
<b>Operating Surplus/(Deficit)</b>	<b>1,067</b>	<b>(1,162)</b>
<b>Less:</b>		
Capital Expenditure	161	275
Proceeds from Asset Sales	(5)	(5)
Loan Funding	0	0
<b>Rates Funded Capital Expenditure</b>	<b>156</b>	<b>270</b>
Debt Repayment	353	353
Investment Additions	0	0
Reserve Movements	871	(1,483)
Working Capital Movements	0	0
Non-Cash Items	(313)	(302)
<b>Net Funding Required</b>	<b>0</b>	<b>0</b>

### Operating Revenue

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Funding & Promoting Public Transport Services	48,796	47,300
Building the Public Transport Infrastructure	1,349	3,370
Funding Total Mobility	1,821	1,924
Planning & Monitoring the Transport Network	4,076	3,331
<b>Total Operating Revenue</b>	<b>56,042</b>	<b>55,925</b>

### Operating Expenditure

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Funding & Promoting Public Transport Services	45,554	47,106
Building the Public Transport Infrastructure	3,353	4,222
Funding Total Mobility	1,924	1,924
Planning & Monitoring the Transport Network	4,144	3,835
<b>Total Operating Expenditure</b>	<b>54,975</b>	<b>57,087</b>

### Capital Expenditure

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Land & Buildings	0	0
Plant & Equipment	135	250
Vehicles	26	25
<b>Total Capital Expenditure</b>	<b>161</b>	<b>275</b>



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

Greater Wellington supplied an adequate supply of water to our customers that met the Ministry of Health Drinking Water Standard. We also maintained compliance with ISU 14001 Environmental Management Systems.

## PROGRESS ON OUR CONTRIBUTIONS

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

Fully complied 100% of the time with the Drinking Water Standards NZ 2000.

Complied with all resource consents held.

Operating expenditure was \$232,000 below last year.

### Energy **Committing to energy reduction programmes**

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

Investigating the power factor at several sites has resulted in power factor correction projects at three sites being programmed for 2005/06 and one site in 2006/07.

### Safety & Hazards **Secure water supply in emergencies**

Current projects to secure water supply include:

- Relocating a vulnerable section of pipeline between SH2 and SH58. Work to start July 2005.
- Investigating, with Wellington City Council, a major new reservoir for the Wellington CBD. This would be operational as well as provide water in an emergency.
- We have begun to construct a new Karori pumping station that will be more secure in a seismic event than the existing pumping station.



## Regional Water Supply Targets

### Quality

#### Planned Targets

##### LONG TERM

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

##### SHORT TERM By 30 June 2005

Water testing will be carried out by an International Accreditation New Zealand (IANZ) registered laboratory at sampling points defined by Greater Wellington's Quality Assurance Section, not less than five days out of every seven. Expenditure will not exceed the budget of \$541,000.

#### Actual

All water we treat currently meets Ministry of Health Drinking Water Standards. GW Water has a policy to target an A grade standard for each of its water treatment plants. This means the water supplied to its customers is completely satisfactory, with minimal levels of health risk.

Waterloo and Gear Island Treatment Plants are graded B. This would be upgraded to A if chlorine were added to the treated water, although Hutt City Council requested that this should not occur.

Wainuiomata Water Treatment Plant is graded A1. Te Marua Water Treatment Plant is currently graded A.

GW Water holds certification to ISO 9001:2000 for its wholesale water supply operations.

A comprehensive monitoring and testing programme, complying with the requirements of the NZ Drinking Water Standards, has been undertaken. The quality of the water leaving the treatment plants has been continuously monitored, with results reported every minute. The quality of the water in the bulk distribution system has been sampled and tested by an IANZ accredited laboratory at least six days a week at representative locations. The cost of routine laboratory testing was \$618,500 which exceeded the budget as a consequence of a revised pricing regime arising from an internal Laboratory business unit operational review and some additional testing requirements.



## Regional Water Supply Targets



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### Quality (continued)

#### Planned Targets

##### SHORT TERM (continued)

The gradings of the water treatment plants as at 1 July 2004 will be maintained.

Vegetation management measures will be carried out in Greater Wellington's water supply catchments, in accordance with Greater Wellington's Forestry Management Plan and within a budget of \$160,000, so that the treatment plants receive good quality water.

Provided legislation is passed by 30 June 2004, five public health risk management plans will be prepared.

#### Actual

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

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

B grade signifies "satisfactory, very low level of risk when the water leaves the treatment plant".

Waterloo and Gear Island have a B grading because, at the request of the Hutt City Council, chlorine is not added and there is no disinfection residual in the water leaving the plant.

Vegetation management control was carried out in the catchments. The final full year cost of this work was \$157,652.

Drinking water legislation has not progressed, and no further risk management plans have been produced.



## Regional Water Supply Targets

### Security of supply

#### Planned Targets

##### LONG TERM

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

##### SHORT TERM By 30 June 2005

Rebuilding the Karori pumping station will be started at an estimated total project cost of \$1,837,000. It is due for completion in 2005/06.

Seismic repair stocks, at a cost not exceeding \$200,000, will be purchased.

#### Actual

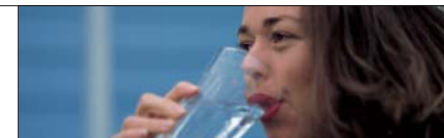
Projections using a computer based sustainable yield model show that Greater Wellington's water supply infrastructure is sufficient to meet a 1 in 50 year return period event until about 2007, at current growth rates. A 1 in 50 year drought strategy was adopted after consultation with our customers. This is less than that of Auckland's 1 in 200 year strategy, though their system is less dynamic in its raw water supply.

We manage water supply assets in accordance with a planned programme of maintenance. Policy is that there is no deferred maintenance. The Asset Management Plan was prepared in accordance with the National Asset Management Steering Group guidelines.

We have a "n-1" policy for security of water supply. This means that either of the major water treatment plants, Te Marua or Waterloo, could be out of commission and the daily base water requirement of 145 millions of litres would still be met.

Rebuilding of the Karori pumping station started in June 2005. Project expenditure of \$481,390 has been incurred to date against a budget of \$870,000 for the financial year.

Seismic repair stocks were not purchased, with this expenditure now deferred until 2005/06.



### Environmental management

#### Planned Targets

##### LONG TERM

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

##### SHORT TERM By 30 June 2005

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

Resource consent compliance will be demonstrated to an auditable standard and a report on compliance for 2003/04 will be prepared by 30 November 2004.

The Lower Wainuiomata dam, constructed in the late 1800s, is no longer in use and will have to be decommissioned. As part of this process it may be practical to create a wetland. This project is subject to Council approval in 2004/05 once the investigations are complete.

#### Actual

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

GW Water holds certification to ISO 14001 (the International Standards Organisation's environmental management benchmark) for its wholesale water supply activities.

Full compliance with all consents was certified by the Greater Wellington Environment, except for water abstraction from the Orongorongo river. A Partially Complying Certificate was issued for this consent because on 6 days during the year the residual flow in the river was less than the required minimum for short periods. Changes to procedures and equipment renewal will prevent a recurrence of this problem. The total cost of consent fees incurred during the financial year was \$55,630.

A report was published by 30 November 2004.

Tenders were called for decommissioning the dam to create a wetland. However, the tender prices were much higher than expected and the work has been deferred until 2006/07. Project design work was completed at a cost of \$20,950 during the financial year.



## Regional Water Supply Targets

### Customer service

#### Planned Targets

##### LONG TERM

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

##### SHORT TERM By 30 June 2005

Customers will be provided with a business report by 30 November 2004, which will include the following information:

- Financial results for the financial year ended 30 June 2004
- Actual quality compared with targeted performance
- A list of incidents where supply has been interrupted, together with the time taken to respond and repair
- A report on compliance with resource consent requirements
- Status of ongoing service level agreements.

#### Actual

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

A report was published by 30 November 2004 containing all the stipulated information.

## Regional Water Supply Targets



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### Business efficiency

#### Planned Targets

##### LONG TERM

GW Water has improved its business efficiency over the last 8 years following various restructuring initiatives, whilst maintaining its service quality levels. Total operating expenditure, excluding depreciation, is not expected to increase in real dollars. Thus we expect the water levy to be held at the 2004/05 dollar level across the 9 year planning period. However, asset values are expected to increase significantly across the 9 year planning period, which will in turn increase the depreciation expense.

##### SHORT TERM By 30 June 2005

Total operating expenditure, excluding depreciation, will not exceed \$20,422,000.

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

#### Actual

The annual costs of running GW Water, excluding changes in depreciation rates, has reduced by \$5.7 million or 25% between 1997 and 2005, whilst service levels have been maintained throughout this period.

Expenditure of \$19,533,000 was incurred during the financial year, with activities being carried out according to requirements.

Revenue of \$22,776,473 was received during the financial year.



## Regional Water Supply Targets

### Health and safety

#### Planned Targets

##### LONG TERM

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

##### SHORT TERM By 30 June 2005

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

#### Actual

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

The hazard registers have been recently reviewed and no issues relating to their effectiveness have been identified. Contractor health and safety plans continue to be reviewed prior to engagement.

# Regional Water Supply Financial Summary



## Funding Statement

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
General Rate	0	0
Targeted Rate	0	0
Water Supply Levy	22,777	22,776
Government Subsidies	0	0
Interest & Dividends	508	471
Fees, Charges & Other Revenue	3,685	533
<b>Operating Revenue</b>	<b>26,970</b>	<b>23,780</b>
Direct Operating Expenditure	16,084	14,210
Interest	3,295	3,567
Depreciation	6,717	6,395
<b>Operating Expenditure</b>	<b>26,096</b>	<b>24,172</b>
<b>Operating Surplus/(Deficit)</b>	<b>874</b>	<b>(392)</b>
<b>Less:</b>		
Capital Expenditure	4,266	5,774
Proceeds from Asset Sales	(40)	(100)
Loan Funding	(4,103)	(5,312)
<b>Levy Funded Capital Expenditure</b>	<b>123</b>	<b>362</b>
Debt Repayment	6,214	4,420
Investment Additions	1,254	1,221
Reserve Movements	0	0
Working Capital Movements	0	0
Non-Cash Items	(6,717)	(6,395)
<b>Net Funding Required</b>	<b>0</b>	<b>0</b>

## Operating Revenue

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Collecting, Treating & Delivering Water	26,970	23,780
<b>Total Operating Revenue</b>	<b>26,970</b>	<b>23,780</b>

## Operating Expenditure

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Collecting, Treating & Delivering Water	26,096	24,172
<b>Total Operating Expenditure</b>	<b>26,096</b>	<b>24,172</b>

## Capital Expenditure

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
<b>Water Sources</b>	<b>221</b>	<b>650</b>
<b>Water Treatment Plants</b>	<b>971</b>	<b>1,050</b>
<b>Pipelines</b>	<b>933</b>	<b>1,420</b>
<b>Pump Stations</b>	<b>868</b>	<b>1,432</b>
<b>Reservoirs</b>	<b>0</b>	<b>50</b>
<b>Monitoring &amp; Control</b>	<b>124</b>	<b>260</b>
<b>Seismic Protection</b>	<b>117</b>	<b>250</b>
<b>Other</b>	<b>869</b>	<b>200</b>
<b>Major Project Expenditure</b>	<b>4,103</b>	<b>5,312</b>
<b>Land &amp; Buildings</b>	<b>0</b>	<b>0</b>
<b>Plant &amp; Equipment</b>	<b>40</b>	<b>161</b>
<b>Vehicles</b>	<b>123</b>	<b>301</b>
<b>Total Capital Expenditure</b>	<b>4,266</b>	<b>5,774</b>



## Regional Water Supply

### Statement of Financial Position as at 30 June 2005

	Notes	Council 2005 Actual \$000's	Council 2004 Actual \$000's
<b>Ratepayers' Funds</b>			
Retained Earnings		70,911	70,037
Reserves		186,804	186,804
<b>Total Ratepayers' Funds</b>		<b>257,715</b>	<b>256,841</b>
<b>Assets</b>			
<b>Current Assets</b>			
Receivables		2,837	2,775
Inventory		1,494	1,505
Total Current Assets		4,331	4,280
<b>Non Current Assets</b>			
Investments		8,109	6,856
Property, Plant & Equipment	7	293,253	295,744
Total Non-Current Assets		301,362	302,600
<b>Total Assets</b>		<b>305,693</b>	<b>306,880</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables		3,829	3,778
Employee Provisions		502	502
Total Current Liabilities		4,331	4,280
<b>Non Current Liabilities</b>			
Public Debt		43,647	45,759
Total Non-Current Liabilities		43,647	45,759
<b>Total Liabilities</b>		<b>47,978</b>	<b>50,039</b>
<b>Net Assets</b>		<b>257,715</b>	<b>256,841</b>





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

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

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

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

No significant negative effects were generated during the year and no major concerns raised. e.g. about the use of 1080.

## PROGRESS ON OUR CONTRIBUTIONS

### Biodiversity Protecting and restoring ecosystems

#### Controlling plant and animal pests

Fifteen additional native forest areas on private land were approved for covenants, with GW financial support in 2004/05.

Vector (possum and ferret) control operations completed over 509,216 hectares. Total area under possum control programmes in the region is 637,150 hectares or 78.4% of the region.

Pest control undertaken in 60 Key Native Ecosystem sites in 2004/05.

### Water Enhancing water quality

Completed riparian planting and fencing programmes on 2.7 kilometres of stream banks.

### Land Supporting erosion control measures

#### Monitoring soil health

A further 390 hectares under sustainable management practices.

Completed sampling of 98 sites since 2000/01. Repeat sampling in 2005/06 will determine whether soil health has deteriorated at any of the sites.

### Safety & Hazards Preventing slips and mitigating flood damage

Planted 390 hectares to promote the protection of erosion-prone land. Extensive work to clean up and repair structures affected by the August 2004 and March 2005 floods in the six catchment schemes.

### Community Community involvement in pest management and land management programmes

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

Completed soil conservation programmes for 112 landowners.

Started reviewing three catchment schemes to ensure they deliver what the communities desire.



## Land Management Targets

### Promoting sustainable land management

#### Planned Targets

##### LONG TERM

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

##### SHORT TERM By 30 June 2005

Approved soil conservation plan works will incorporate 300 hectares of pole planting (22,000 poles), 150 hectares of conservation woodlots and 8 kms of shelter-belts and will be completed, to Greater Wellington's performance standards, within a budget of \$500,000.

#### Actual

The stabilising of erosion-prone land is progressing, and an additional 390 hectares of soil conservation trees were planted during 2004/05 using sustainable management practices.

Approved soil conservation plan works were completed on 112 properties, incorporating 17,000 poles on 245 hectares, and establishing 145 hectares of conservation woodlots, and 1.5 kms of shelter-belts. Programmes were completed to Greater Wellington's performance standard at a cost of \$379,200.

## Land Management Targets



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### **Promoting sustainable land management** (continued)

#### **Planned Targets**

##### **LONG TERM**

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

##### **SHORT TERM By 30 June 2005**

Approved programmes will be completed under six catchment control schemes to the satisfaction of each Scheme Advisory Committee, to Greater Wellington's performance standards, within a budget of \$83,000.

#### **Actual**

Annual programmes have been continued for six Community Catchment Control Schemes. The focus of the programmes was erosion control and flood mitigation.

Approved programmes were completed for each of the six Catchment Schemes to established standards and in accordance with Advisory Committee resolutions. Programmes were completed at a total cost of \$94,100, and included \$11,000 of flood damage repair works.



## Land Management Targets

### Promoting sustainable land management (continued)

#### Planned Targets

##### LONG TERM

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

##### SHORT TERM By 30 June 2005

Stage 2 of the soil monitoring programme will be started. Additional monitoring sites will be established where soil degradation was identified in stage 1, within a budget of \$41,000.

#### Actual

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

20 additional monitoring sites were established in soil degradation areas, 110 of the samples taken during previous monitoring rounds were analysed for heavy metals. A review of all Greater Wellington soil quality monitoring data and a comparison with soils nationally was undertaken at a cost of \$53,900.

## Land Management Targets



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### **Promoting sustainable land management** (continued)

#### **Planned Targets**

##### **LONG TERM**

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

##### **SHORT TERM By 30 June 2005**

Four kilometres of riparian management, focusing on increased biodiversity along stream banks, will be completed within a budget of \$160,000.

#### **Actual**

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

Riparian management programmes focusing on increased biodiversity, were completed on 2.7 kilometres of stream banks, within a total budget of \$162,200.



## Land Management Targets

### Controlling plant and animal pests

#### Planned Targets

##### LONG TERM

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

##### SHORT TERM By 30 June 2005

Bovine Tb vector control and survey operations will be completed on 475,000 hectares in accordance with the contract with the Animal Health Board and to the satisfaction of the Council, within a budget of \$6,585,000.

#### Actual

At 30 June 2005, 78.4% of the region was under intensive possum control programmes, and there were 29 infected Tb cattle and deer herds. This is below the maximum of 32 infected herds identified in the Regional Tb Operational Plan. If this momentum can be maintained over the next three years, then the target should be achieved.

Vector control and survey operations were successfully completed to Animal Health Board standards on 335,691 hectares at a cost of \$4,140,400. Control and monitoring contracts totalling \$1,387,800 were not completed. They have been included in the 2005/06 programme. The major outstanding control operation is the South East Wairarapa Stage 3 area, which has been delayed due to issues involving the use of deer repellent bait.

## Land Management Targets



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### Controlling plant and animal pests (continued)

#### Planned Targets

##### LONG TERM

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

##### SHORT TERM By 30 June 2005

Implementation of the third year of the Regional Pest Management Strategy to the satisfaction of the Rural Services and Wairarapa Committee, within a budget of \$1,797,000.

#### Actual

The 2004/05 year has been particularly challenging for pest plants with increased infestations of eradication species located in urban areas following intensive surveys. Reprioritisation of our programmes will be required to successfully manage these species. Our joint venture pest control programmes with other councils has been very successful, with a number of councils providing additional funds to expand their programmes. Rook and rabbit densities continue to be suppressed to low levels.

Implementation was completed at a cost of \$1,849,800. An annual report on achievements under the Regional Pest Management Strategy for the 2004/05 year will be presented to the Rural Services and Wairarapa Committee for approval in November 2005.



## Land Management Financial Summary

### Funding Statement

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
General Rate	3,854	3,854
Targeted Rates	186	186
Government Subsidies	0	0
Interest & Dividends	49	40
Fees, Charges & Other Revenue	5,827	7,975
<b>Operating Revenue</b>	<b>9,916</b>	<b>12,055</b>
Direct Operating Expenditure	9,759	12,178
Interest	0	0
Depreciation	27	129
<b>Operating Expenditure</b>	<b>9,786</b>	<b>12,307</b>
<b>Operating Surplus/(Deficit)</b>	<b>130</b>	<b>(252)</b>
<b>Less:</b>		
Capital Expenditure	105	118
Proceeds from Asset Sales	(40)	(26)
Loan Funding	0	0
<b>Rates Funded Capital Expenditure</b>	<b>65</b>	<b>92</b>
Debt Repayment	0	0
Investment Additions	0	0
Reserve Movements	43	(215)
Working Capital Movements	0	0
Non-Cash Items	(27)	(129)
<b>Net Funding Required</b>	<b>49</b>	<b>0</b>

### Operating Revenue

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Promoting Sustainable Land Management	2,054	2,237
Controlling Plant and Animal Pests	7,862	9,818
<b>Total Operating Revenue</b>	<b>9,916</b>	<b>12,055</b>

### Operating Expenditure

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Promoting Sustainable Land Management	2,093	2,227
Controlling Animal and Plant Pests	7,693	10,080
<b>Total Operating Expenditure</b>	<b>9,786</b>	<b>12,307</b>

### Capital Expenditure

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Land & Buildings	0	0
Plant & Equipment	0	0
Vehicles	105	118
<b>Total Capital Expenditure</b>	<b>105</b>	<b>118</b>





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

The flood defences were severely tested by the weather on two occasions and while there was some damage (which was a major concern for those directly affected), the social and economic impacts on the region as a whole were relatively minor.

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

## PROGRESS ON OUR CONTRIBUTIONS

### Biodiversity **Planting a range of habitats**

We continued to implement environmental strategies, which include habitat restoration and enhancement initiatives for the major rivers in the region.

### Land **Supporting erosion control measures**

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

### Recreation & Parks **Manage the river environment to promote recreational use**

Recreational use of Hutt River was promoted when we established the Hutt River ranger and provided access tracks and walkways.

### Safety & Hazards **Protect and educate the community from flood risk**

We continued to enhance the flood protection system as planned. Two flood events caused localised damage, but initiatives are now underway to reduce the flood risk.

### Community **Community involvement in floodplain management planning**

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



## Flood Protection Targets

### Planning for flood protection

#### Planned Targets

##### LONG TERM

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

##### SHORT TERM By 30 June 2005

Complete maintenance operations for the region's ten Wairarapa river schemes to established standards and to the satisfaction of the Scheme Advisory Committees, within a budget of \$1,513,000.

#### Actual

Implementation of the three floodplain management plans for the western region is well underway and on target to be achieved by 2040. To date, works totalling over \$12,000,000 have been undertaken on the Hutt, Otaki and Waikanae Rivers.

In the Wairarapa, the Lower Valley Development scheme review is progressing well. Scheme improvements undertaken in the past few years have provided additional protection for community assets.

In response to earlier floods, a flood hazard study on the Waiwhetu Stream commenced in 2004/05.

Significant flood events occurred throughout the region in August and October 2004 and January and March 2005, resulting in widespread property damage.

One person drowned in the August flood in a tributary of the Ruamahanga river outside of the area administered by Greater Wellington's river schemes.

Maintenance programmes for the ten Wairarapa river management schemes were completed to established standards, and to the satisfaction of the Scheme Advisory Committees at a total cost of \$2,094,200.

Works completed included \$379,300 of pre-approved flood damage repairs, completion of the repainting of the Blundell Barrage Gates, realignment of a section of the stopbank at the Scadden property in the Lower Wairarapa Valley Development Scheme, and realignment and upgrading of the Te Whiti stopbank.

An additional \$632,000 of new flood protection measures were constructed for the Lower Wairarapa Valley Development, Waiohine, Waipoua, and the Upper Ruamahanga-Te Ore Ore and Gladstone River Schemes.

## Flood Protection Targets



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### Delivering flood protection

#### Planned Targets

##### SHORT TERM (continued)

Complete maintenance operations in the western part of the region in accordance with established standards, statutory requirements and the Western Rivers Asset Management Plan, all within a budget of \$2,155,000.

Make significant progress on the Lower Wairarapa Valley Development Scheme Review and other investigations to the satisfaction of the Rural Services and Wairarapa Committee, within a budget of \$376,000.

#### Actual

Maintenance operations were affected by the January 2005 floods and rock shortages. Work programmes were revised to include flood damage repairs following the floods. These programmes were materially completed by 30 June 2005 at a cost of \$2,666,279.

Those jobs that could not be completed by the end of the year have been built into the 2005/06 budgets and work programmes.

All operations were completed in accordance with established standards, statutory requirements and the Western Rivers Asset Management Plan.

Regular meetings with the Lower Wairarapa Valley Development Scheme Review Committee, plus specific meetings with ratepayers groups to discuss the progress with the review were completed throughout the year.

Projects completed were:

- Completion of an airborne laser survey to create a detailed contour map of the floodplain south of Martinborough.
- Development of MIKE21 hydraulic model to determine the areas affected by flooding in various situations.
- A review of the drainage system on the Whakawiriwiri stream.
- An environmental assessment of the scheme on Lake Wairarapa and its adjacent wetlands.
- Development of a possible rating classification.

The Kopuaranga River enhancement project did not gain approval. Investigations were delayed by the continuing floods and the requirement to complete flood damage repairs.

The total cost was \$451,100, and included \$36,000 of additional approved expenditure.



## Flood Protection Targets

### Delivering flood protection (continued)

#### Planned Targets

##### LONG TERM

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

##### SHORT TERM By 30 June 2005

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

#### Actual

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

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

A rolling five day per week (including weekends) ranger service was provided throughout the year at a cost of \$90,048.

A report on the ranger service was provided to Landcare Committee at its August 2005 meeting.

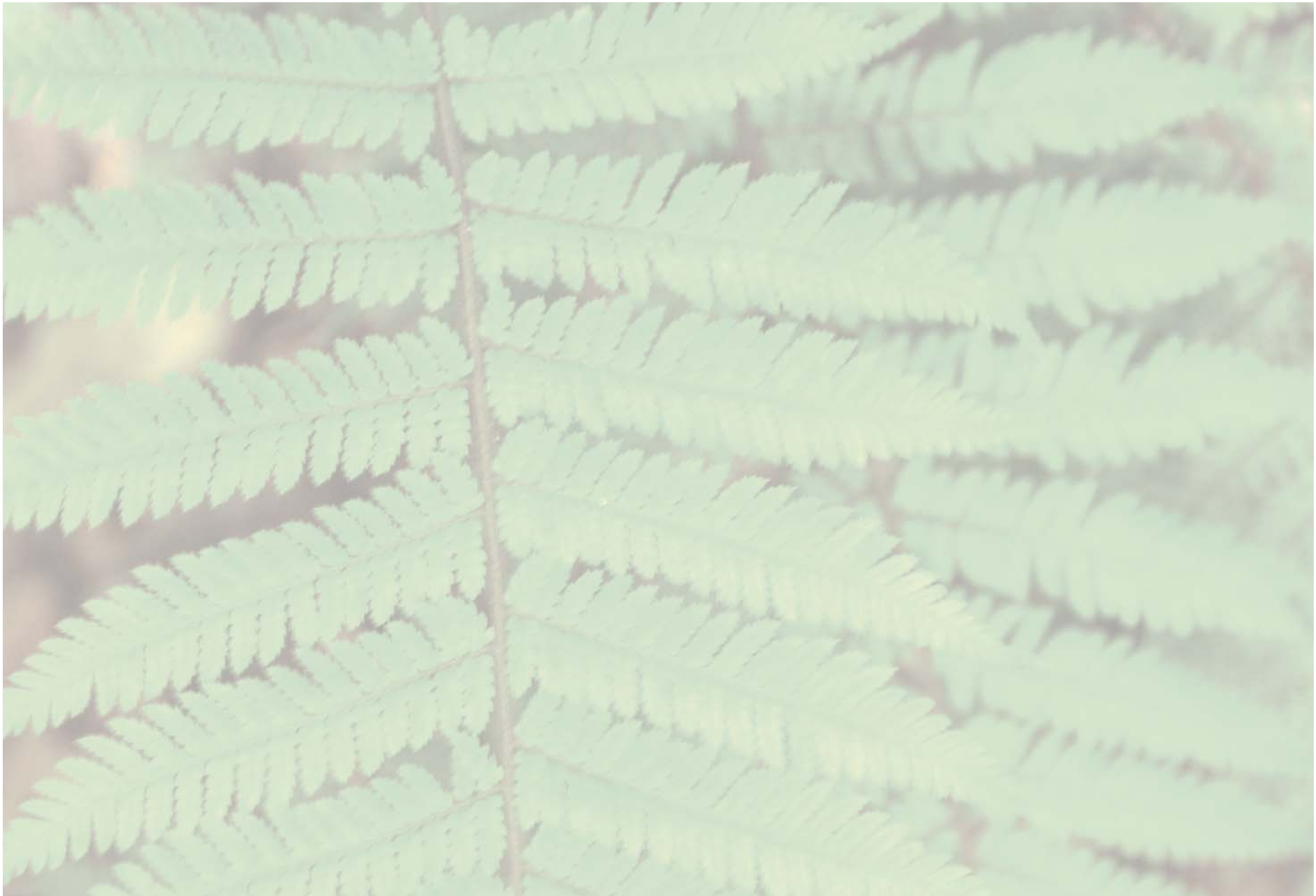
## Flood Protection Financial Summary



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	Council 2005 Actual \$000's	Council 2005 Budget \$000's
<b>Funding Statement</b>		
General Rate	6,829	6,829
Targeted Rates	2,941	3,980
Government Subsidies	0	0
Interest & Dividends	214	196
Fees, Charges & Other Revenue	5,967	1,044
<b>Operating Revenue</b>	<b>15,951</b>	<b>12,049</b>
Direct Operating Expenditure	11,414	6,856
Interest	1,694	1,945
Depreciation	(2,208)	716
<b>Operating Expenditure</b>	<b>10,900</b>	<b>9,517</b>
<b>Operating Surplus/(Deficit)</b>	<b>5,051</b>	<b>2,532</b>
<b>Less:</b>		
Capital Expenditure	5,427	5,086
Proceeds from Asset Sales	(3,587)	(35)
Loan Funding	(4,394)	(4,603)
<b>Rates Funded Capital Expenditure</b>	<b>(2,554)</b>	<b>448</b>
Debt Repayment	5,223	2,269
Investment Additions	283	273
Reserve Movements	841	258
Working Capital Movements	0	0
Non-Cash Items	2,208	(716)
<b>Net Funding Required</b>	<b>(950)</b>	<b>0</b>

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
<b>Operating Revenue</b>		
Planning for Flood Protection	1,457	1,525
Delivering Flood Protection	14,494	10,524
<b>Total Operating Revenue</b>	<b>15,951</b>	<b>12,049</b>
<b>Operating Expenditure</b>		
Planning for Flood Protection	1,552	1,392
Delivering Flood Protection	9,348	8,125
<b>Total Operating Expenditure</b>	<b>10,900</b>	<b>9,517</b>
<b>Capital Expenditure</b>		
Hutt River Improvements	3,738	3,668
Waikanae River Improvements	100	415
Otaki River Improvements	345	206
Wairarapa Scheme Improvements	922	590
Mabey Road Subdivision	26	0
Other	96	80
<b>Major Project Expenditure</b>	<b>5,227</b>	<b>4,959</b>
Land & Buildings	52	0
Plant & Equipment	14	38
Vehicles	134	89
<b>Total Capital Expenditure</b>	<b>5,427</b>	<b>5,086</b>





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

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

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

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

## PROGRESS ON OUR CONTRIBUTIONS

### Biodiversity **Showcase good ecosystem management**

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

### Water **Protecting water catchments**

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

### Energy **Investigate renewable energy on Greater Wellington land**

Greater Wellington received a report on two wind energy sites, namely Mt Climie and Puketiro. We decided to proceed with public consultation on the Puketiro site. We are still investigating a third site, Belmont.

### Recreation & Parks **Provide outdoor recreation opportunities, encourage use and involvement**

51% of survey respondents reported that they had visited a regional park in 2004/05. Visitor satisfaction surveys show that 91% of visitors are satisfied with the parks.

### Community **Supporting environmental community groups**

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



## Parks and Forests Targets

### Environment asset management and monitoring systems

#### Planned Targets

##### LONG TERM

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

##### SHORT TERM By 30 June 2005

Environmental assets and settings within the parks, forests and water collection areas will be monitored, protected and enhanced in accordance with the Parks and Forests Asset Management Plan service levels, within a budget of \$737,000.

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

#### Actual

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

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

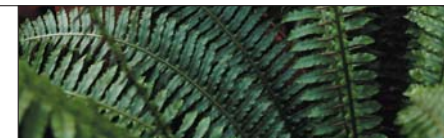
Environmental assets were monitored, protected and enhanced in accordance with planned service levels and recognised standards at a cost of \$770,462.

The year's programme included the completion of two possum operations unfinished at the end of the 2003/04 financial year at a cost of \$40,000.

Two planned minor weed control jobs were not completed within the financial year and will now be completed in 2005/06.

Compliance with the standards in the Asset Management plan is to be reported to the August 2005 Landcare Committee meeting.





### Use of Greater Wellington lands

#### Planned Targets

##### LONG TERM

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

##### SHORT TERM By 30 June 2005

Recreation and heritage assets and facilities in the regional parks, forests and water collection areas will be monitored, maintained, protected and enhanced in accordance with the Parks and Forests Asset Management Plan service levels.

Compliance with the Asset Management Plan service levels will be reported to the Landcare Committee following the end of the financial year, within a budget of \$1,236,000.

#### Actual

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

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

Regular monitoring of our assets was conducted to standards in the Parks and Forests Asset Management Plan. Where assets were maintained or replaced, the assets were constructed by appropriately qualified staff to standards set in our structures manual and under the direction of qualified architects or engineers.

The cost of the monitoring, maintenance, protection and enhancement of the recreation and heritage assets and facilities was \$1,241,515.

Compliance with the standards in the Asset Management Plan was reported to the August 2005 Landcare Committee meeting.



## Parks and Forests Targets

### Use of Greater Wellington lands (continued)

#### Planned Targets

##### SHORT TERM (continued)

The annual capital works programme will be undertaken to appropriate architectural and engineering standards and within the Regional Parks and Forests Asset Management Plan service levels. To be reported to the Landcare Committee following the end of the financial year, within a budget of \$278,000.

#### Actual

The annual work programme was undertaken at a cost of \$181,417. All jobs were undertaken in accordance with appropriate architectural and engineering standards, and with the Parks and Forests Asset Management Plan service levels.

The programmed works completed included:

- An upgrade of the Dry Creek entrance to Belmont Regional Park at a cost of \$45,893.
- An upgrade of the tracks network in East Harbour Regional Park at a cost of \$79,897.

Two projects that were planned to be completed during the year have been deferred to 2005/06:

- Building a new ranger's office at Queen Elizabeth Park. \$9,937 of the \$100,000 was spent during the year in design works.
- \$50,000 for building a new ranger's office at East Harbour Regional Park.

During the year we also completed the construction of two new toilet blocks in Queen Elizabeth Park at a cost of \$44,517.

## Parks and Forests Targets



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### Use of Greater Wellington lands (continued)

#### Planned Targets

##### SHORT TERM (continued)

Ranger services will be provided that facilitate public access, educate and inform visitors and users, liaise with community and stakeholder groups and ensure compliance with Greater Wellington policies.

The service will be to the satisfaction of the Landcare Committee and reported following the end of the financial year, within a budget of \$730,000.

#### Actual

A ranger service was provided at a cost of \$746,860 in the regional parks and forests on the following basis:

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

A report on the ranger services was given to the Landcare Committee at its meeting in August 2005.



## Parks and Forests Targets

### Community activities

#### Planned Targets

##### LONG TERM

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

##### SHORT TERM By 30 June 2005

The annual environmental enhancement projects as agreed with the Divisional Manager, Landcare, will be completed and reported to Landcare Committee following the end of the financial year, within a budget of \$138,000.

#### Actual

Community participation in the region's parks, forests and water collection areas is actively encouraged. An annual Regional Outdoors Programme is run between January and April providing around 40 events ranging from educational outings to bush walks and hosting sporting events.

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

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

The projects were provided at a cost of \$109,389 and were reported to the August 2005 Landcare Committee meeting.

## Parks and Forests Targets



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### Marketing and promotion

#### Planned Targets

##### LONG TERM

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

##### SHORT TERM By 30 June 2005

The marketing plan for the regional parks and forests will be implemented to the satisfaction of the Divisional Manager, Landcare, within a budget of \$266,000.

#### Actual

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

The 2004/05 plan was implemented to the satisfaction of the Divisional Manager, Landcare at a cost of \$246,711.

This programme includes the implementation of the Regional Outdoors Programme. The 2004/05 programme was a great success with high attendance and some excellent feedback.



## Parks and Forests Financial Summary

### Funding Statement

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
General Rate	5,064	5,064
Targeted Rates	0	0
Government Subsidies	0	0
Interest & Dividends	44	46
Fees, Charges & Other Revenue	839	808
<b>Operating Revenue</b>	<b>5,947</b>	<b>5,918</b>
Direct Operating Expenditure	5,614	5,508
Interest	131	137
Depreciation	508	383
<b>Operating Expenditure</b>	<b>6,253</b>	<b>6,028</b>
<b>Operating Surplus/(Deficit)</b>	<b>(306)</b>	<b>(110)</b>
<b>Less:</b>		
Capital Expenditure	386	483
Proceeds from Asset Sales	(98)	(48)
Loan Funding	(180)	(278)
<b>Rates Funded Capital Expenditure</b>	<b>108</b>	<b>157</b>
Debt Repayment	196	156
Investment Additions	0	0
Reserve Movements	130	(40)
Working Capital Movements	0	0
Non-Cash Items	(508)	(383)
<b>Net Funding Surplus (Deficit)</b>	<b>(232)</b>	<b>0</b>

### Operating Revenue

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Managing Regional Parks, Natural Forests, Recreation Areas & Trails	5,947	5,918
<b>Total Operating Revenue</b>	<b>5,947</b>	<b>5,918</b>

### Operating Expenditure

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Managing Regional Parks, Natural Forests, Recreation Areas & Trails	6,253	6,028
<b>Total Operating Expenditure</b>	<b>6,253</b>	<b>6,028</b>

### Capital Expenditure

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Queen Elizabeth Park Enhancements	54	100
East Harbour Enhancements	80	128
Belmont Enhancements	46	50
<b>Major Project Expenditure</b>	<b>180</b>	<b>278</b>
Land & Buildings	0	0
Plant & Equipment	157	121
Vehicles	49	84
<b>Total Capital Expenditure</b>	<b>386</b>	<b>483</b>



Providing effective representation on behalf of the Wellington regional community has been a key role for Greater Wellington Regional Council as a local political body.

Local government has faced an unprecedented period of legislative reform. New local government, rating and electoral legislation brought with it a host of new obligations, and challenged local government to review past practices and to implement new procedures. Changes to the electoral legislation require a review of representation arrangements, including consideration of the possibility of Maori constituencies.

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

- Councillors' annual salaries, daily meeting allowances and travel expenses, as well as allowances and travel costs of other people appointed to the Council's committees.
- Public notice of Council and committee meetings, and other costs of arranging and servicing meetings, including publication of meeting papers and costs of management and staff directly involved in servicing the Council and its committees.
- Other public notices, dealing with elections and the like.
- Greater Wellington's share of local body election costs including triennial constituency and membership reviews plus induction of councillors following elections. An election was held in October 2004 and a new Council elected and sworn in.
- Subscription costs for Greater Wellington membership of organisations and forums, such as Local Government New Zealand.
- Other costs incurred by councillors in representing and communicating with the regional community.

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



## Investment in Democracy Financial Summary

### Funding Statement

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
General Rate	2,292	2,292
Targeted Rates	0	0
Government Subsidies	0	0
Interest & Dividends	6	6
Fees, Charges & Other Revenue	1,531	1,530
<b>Operating Revenue</b>	<b>3,829</b>	<b>3,828</b>
Direct Operating Expenditure	3,885	3,950
Interest	0	0
Depreciation	22	20
<b>Operating Expenditure</b>	<b>3,907</b>	<b>3,970</b>
<b>Operating Surplus/(Deficit)</b>	<b>(78)</b>	<b>(142)</b>
<b>Less:</b>		
Capital Expenditure	68	70
Proceeds from Asset Sales	(19)	(18)
Loan Funding	0	0
<b>Rates Funded Capital Expenditure</b>	<b>49</b>	<b>52</b>
Debt Repayment	0	0
Investment Additions	0	0
Reserve Movements	(174)	(174)
Working Capital Movements	0	0
Non-Cash Items	(22)	(20)
<b>Net Funding Required</b>	<b>69</b>	<b>0</b>

### Operating Expenditure

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Direct Members' Costs	1,252	1,284
Council Secretariat	600	599
Divisional Management Support	250	250
Regional Economic Development	50	50
Other Costs	1,522	1,527
Election Costs	233	260
<b>Total Operating Expenditure</b>	<b>3,907</b>	<b>3,970</b>
<b>Capital Expenditure</b>		
Land & Buildings	0	0
Plant & Equipment	25	27
Vehicles	43	43
<b>Total Capital Expenditure</b>	<b>68</b>	<b>70</b>





## Investment overview

Greater Wellington has a significant portfolio of investments comprising:

- Cash deposits
- Administrative properties (e.g. depots)
- Forestry and business units
- Loan to the Regional Stadium Trust
- Greater Wellington's internal treasury function
- Equity investments in the WRC Holdings Group (including CentrePort)

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

From a risk management point of view, Greater Wellington's investment returns to the rate line are exposed to the success or otherwise of its two main investments – the WRC Holdings Group (including CentrePort) and its cash deposits.

It is important to appreciate that Greater Wellington's investments (excluding the impact of the stadium rate) contribute approx 14% to the total level of regional rates.

## Cash deposits

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

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

Currently, cash deposits are held on the basis that this provides the highest after-tax rate of return.



## Investments

### Administrative properties

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

### Forestry and business units

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

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

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

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

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

### Loan to the Regional Stadium Trust

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

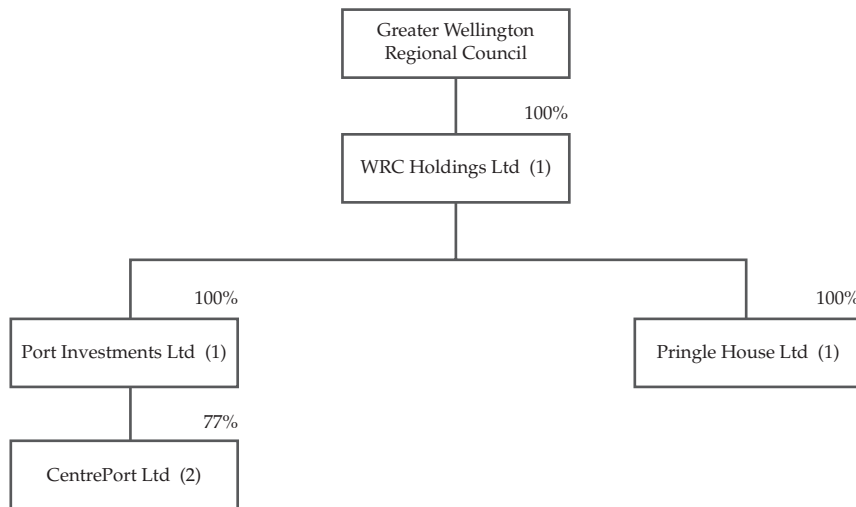
### Greater Wellington's internal treasury function

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



## Equity investments in the WRC Holdings Group

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



- (1) Council Controlled 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 investment holding companies. The main operating companies in the Group are CentrePort Ltd and Pringle House Ltd. Each year WRC Holdings Ltd provides to the Council, as 100% shareholder, a Statement of Intent for the WRC Holdings Group.

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

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

The WRC Holdings Group is Greater Wellington’s prime investment vehicle and the main mechanism by which any additional equity investments will be owned and managed. Periodically this structure is reviewed to determine if it is still an appropriate vehicle for holding Greater Wellington’s investments.

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



## Investments WRC Holdings Group

### Objectives of the Group

The primary objectives of the Group as set out in the 2004/05 Statement of intent (SOI) were to:

- Operate as a successful, sustainable and responsible business.
- Own and operate, via Pringle House Ltd (PHL), Greater Wellington's headquarters at 142-146 Wakefield Street, Wellington (known as the Regional Council Centre) on a cost-effective basis.
- Own via Port Investments Ltd (PIL), the Council's interest in CentrePort Ltd, to maximise the commercial value of CentrePort to the shareholders and to protect the shareholders' investment, while maintaining CentrePort's strategic value to the economy of the region.
- Effectively manage any other investments held by the Group in order to maximise the commercial value to the shareholders and to protect the shareholders' investment.

The financial objectives of the Group as set out in the 2004/05 SOI were to:

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

The environmental objectives of the Group as set out in the 2004/05 SOI were to:

- Operate in an environmentally responsible manner and sustainable manner.
- Minimise the impact of any of the Group's activities on the environment.
- Raise awareness of environmental issues within the Group.
- Encourage CentrePort and Pringle House to be more energy efficient and make greater use of renewable energy.

The social objectives of the Group as set out in the 2004/05 SOI were to:

- Be a leading organisation and a superior employer.
- Provide a safe and healthy workplace.
- Participate in development, cultural and community activities within the regions in which the Group operates.
- Help sustain the economy of the region.

WRC Holdings Group met all their objectives as set out in the 2004/05 Statement of Intent and Greater Wellington's 2003-13 LTCCP.

The nature and scope of activities undertaken by WRC Holdings are consistent with those set out in the 2004/05 Statement of Intent and Greater Wellington's 2003-13 LTCCP.

### Directors

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



## Financial performance targets

	<b>Actual 2005</b>	<b>Budget 2005</b>
Net Profit (before tax)	\$4.1m	\$6.6m
Net Profit (after tax)	\$17.4m	\$4.2m
Return on Total Assets	4.6%	7.6%
Return on shareholders' equity ( <b>excludes</b> any increase in the value of investment property)	2.6%	16.0%
Return on shareholder equity ( <b>includes</b> any increase in the value of investment property)	17.6%	16.0%
Dividends	\$0.7m	\$0.8m

### Net profit before tax

The reduction in net profit before tax compared to target is caused by CentrePort writing down some impaired assets – a non cash item. A charge of \$3.05 million for such assets is included in this year's result.

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

The net profit after tax measure includes a \$13.1 million increase in the net current value of the group's investment properties. During 2005 CentrePort Limited created a new category of non-current assets; Investment Properties, and changed its accounting policy for the treatment of unrealised changes in value of investment properties. Under the new categorisation developed investment properties and land held for development are classes within investment properties. Pringle House Ltd's investment property also increased in value.

### Return on total assets

The target is calculated as earnings before interest and tax (EBIT) as a percentage of average total assets. The actual result is lower than target because CentrePort recognised that some of the existing cranes' values have been impaired. As a consequence an impairment loss of \$3.05 million (2004: \$Nil) has been charged in the Statement of Financial Position.

### Return on shareholder equity

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

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

Dividend payments have been kept at previous levels.



## Investments WRC Holdings Group

### Environmental performance targets

#### Planned Targets

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

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

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

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

#### Actual

CentrePort has established Effective Environmental Management Systems with separate formal Environmental Management and Emergency Management Plans in accordance with the requirements of the AS/NZS ISO 14001:2004. These management plans are reviewed and updated on a regular basis. The Environmental Consultative Committee, an initiative of CentrePort, continues to hold regular meetings. The group represents a wide section of community interests.

The Environmental Register continues to be an effective management tool with all environmental issues recorded and complainants provided with reports of action taken. Environmental performance in accordance with annual objectives is managed through a formal committee structure.

This matter has not progressed as envisaged because issues involved two councils managing the process. CentrePort prepared the draft changes and submitted these to the two councils three years ago. However, because of these processing delays the original acoustic modelling needed updating. This remodelling work has been completed and the formal Plan Change process is expected to commence in the last quarter of 2005. Such a delay has the potential to prejudice CentrePort's operations especially if not done before October 2006.

The group has met the resource consent and permit conditions it holds and complied with all relevant legislation. In addition, CentrePort, a subsidiary company, is currently undertaking, as part of a continuing improvement and audit process, a formal legislative compliance review which, in addition to its other activity areas, focus on environmental legislation.

The Noise Management Plan is linked to Greater Wellington and Wellington City Council plan changes which accommodate the port noise principals of the NZ Standard 6809:1999. A draft plan has been developed and will be completed once the changes to the council plans are known.



## Social performance targets

### Planned Target

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

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

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

To undertake a level of sponsorship appropriate to CentrePort.

To meet regularly with representative community groups of CentrePort.

### Actual

CentrePort has successfully achieved the tertiary level of compliance under the ACC programme with a significant levy saving. During the year the company undertook a significant review, using qualified professional consultants, of its occupational health and safety management systems. These improvements are expected to achieve a more effective health and safety environment which is taken up by all CentrePort personnel.

By 1 July 2004, CentrePort had met the ISPS Code requirement and fully certified as an International Port Security Zone. In addition, CentrePort systems have been audited by an international auditor and confirmed as complying with the ISPS Code.

During the year, CentrePort carried out an independent risk assessment of Wellington Port and Harbour was substantially completed. That assessment identified some 74 potential hazards and these were classified as mostly of a low level risk. We are continuing with the Harbour and Port Safety Management System process with the aim of having this completed by 30 June 2006.

CentrePort sponsors a wide variety of activities and these range from business groups to specific community projects. In the 2004/5 financial year, CentrePort committed some \$100,000 towards sponsorship.

During the year CentrePort participated with a number of community working groups. Such groups include the Chamber of Commerce, Transport Advisory Bodies and the Stadium Liaison Committee. Also, CentrePort through its Environmental Consultative Committee, met quarterly with community representatives to outline the CentrePort's objectives and to seek feedback.



## Investments WRC Holdings Group

### Social performance targets (continued)

#### Planned Target

To hold more port tours for community groups.

#### Actual

The security aspects of the ISPS Code make tours of the port difficult. Nevertheless, there have been a small number of tours for stakeholders and community interest groups over the last year.



## Investments

### WRC Holdings Group



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## General performance targets

### Planned Target

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

### Actual

During the year, the group consulted with shareholders on changes to environmental and social performance targets to improve the quality of these measures. These revisions were incorporated into the final SCI for 2005.



## Investments CentrePort

### Objectives of the company

*as set out in the 2004/05 Statement of Corporate Intent (SCI)*

The primary objectives of the company shall be to:

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

The financial objectives of the company shall be to:

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

The environmental objectives of the company shall be to:

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

The social objectives of the company shall be to:

- be a learning organisation and a superior employer
- provide a safe and healthy workplace
- participate in development, cultural and community activities within the regions in which the company operates.

### Directors

N J Gould (Chairman)

J G Jefferies

E M M Johnson

W A Larsen

R Janes

B Harris (Appointed 7 December 2004; Resigned 1 June 2005)

H J Stone (Resigned 7 December 2004)

R M Petersen (Appointed 7 December 2004)



## Financial performance targets

	2004/05 Actual excluding valuation changes <sup>(3)</sup>	2004/05 Actual including valuation changes <sup>(3)</sup>	2004/05 SCI Target
Net profit before tax	\$9.8m	\$6.8m	\$9.1m
Net profit after tax	\$7.2m	\$19.0m	\$6.1m
Return on total assets <sup>(1)</sup> :			
– port	4.6%	2.8%	6.6%
– property held for development	0.3%	13.7%	0.4%
– investment properties	5.1%	21.6%	9.0%
– overall			5.8%
Return on shareholders' funds <sup>(2)</sup>	5.1%	13.5%	4.5%
Dividend	\$3.6m	\$3.6m	\$3.6m
Dividend % of net profit after tax	50%	19%	59%

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

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

<sup>(3)</sup> Valuation changes include an impairment of property, plant and equipment of \$3.0m and a revaluation of \$13.9m.



## Investments Financial Summary

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
<b>Income Statement</b>		
Operating Revenue	14,926	13,457
Operating Expenditure	7,969	8,779
<b>Earnings before Interest</b>	<b>6,957</b>	<b>4,678</b>
Interest	(817)	(813)
<b>Operating Surplus (Deficit)</b>	<b>7,774</b>	<b>5,491</b>
<b>Less:</b>		
Contribution to General Rates	11,693	7,624
Targeted Rate (Stadium)	(2,676)	(2,676)
<b>Earnings Retained</b>	<b>(1,243)</b>	<b>543</b>
<b>Operating Surplus of Individual Investments</b>		
Cash Deposits	3,099	2,794
WRC Holdings	2,809	940
Treasury Management	4,134	3,918
Plantation Forests	(302)	(38)
Reserve Forests	(335)	(441)
Administrative Properties	70	29
Akura Conservation Centre	45	49
BioWorks	84	74
Wairarapa Workshop	17	13
<b>Operating Surplus (excl. Stadium)</b>	<b>9,621</b>	<b>7,338</b>
Regional Stadium	(1,847)	(1,847)
<b>Total Operating Surplus</b>	<b>7,774</b>	<b>5,491</b>

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
<b>Net Contribution to General Rates From Individual Investments</b>		
Cash Deposits	3,099	2,794
WRC Holdings	2,069	696
Treasury Management	6,413	3,840
Plantation Forests	0	150
Reserve Forests	0	75
Administrative Properties	62	19
Akura Conservation Centre	35	35
BioWorks	0	0
Wairarapa Workshop	15	15
<b>Total Contribution to General Rates</b>	<b>11,693</b>	<b>7,624</b>

## Statement of Compliance and Responsibility



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### Compliance

The Council and management of Greater Wellington Regional Council confirm that all the statutory requirements of the Local Government Act 2002 in relation to the Annual Report have been complied with.

### Responsibility

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

The Council and management of Greater Wellington Regional Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management of Greater Wellington Regional Council, the annual financial statements for the year ended 30 June 2005 fairly reflect the financial position and operations of the Greater Wellington Regional Council.

**Ian Buchanan**  
*Chairman*  
18 October 2005

**David Benham**  
*Chief Executive*  
18 October 2005

**Barry Turfrey**  
*Chief Financial Officer*  
18 October 2005

## TO THE READERS OF WELLINGTON REGIONAL COUNCIL AND GROUP'S ANNUAL REPORT

### For the year ended 30 June 2005

The Auditor-General is the auditor of Wellington Regional Council (the Regional Council) and group. The Auditor-General has appointed me, Rudie Tomlinson, using the staff and resources of Audit New Zealand to carry out an audit on his behalf. The audit covers the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the Regional Council and group for the year ended 30 June 2005, including the financial statements.

#### Unqualified opinion

In our opinion:

- The financial statements of the Regional Council and group on pages 20 to 54:
  - comply with generally accepted accounting practice in New Zealand *and*
  - fairly reflect:
    - the Regional Council and group's financial position as at 30 June 2005 *and*
    - the results of operations and cash flows for the year ended on that date.
- The service provision information of the Regional Council and group on pages 55 to 130 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date *and*
- The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements").

The audit was completed on 18 October 2005, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

#### Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and the other requirements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and the other requirements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data
- verifying samples of transactions and account balances



- performing analyses to identify anomalies in the reported data
- reviewing significant estimates and judgements made by the Council
- confirming year-end balances
- determining whether accounting policies are appropriate and consistently applied *and*
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements and the other requirements. We obtained all the information and explanations we required to support our opinion above.

#### **Responsibilities of the Council and the Auditor**

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Regional Council and group as at 30 June 2005. They must also fairly reflect the results of operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for preparing the information in the other requirements. The Council's responsibilities arise from Schedule 10 of the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements and the other requirements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

#### **Independence**

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

During the year we performed the following assignments for the Regional Council and group, which are compatible with those independence requirements:

- We provided assurance over the probity of the tender process for upgrading various rail carriages
- We reviewed the Council's water division's annual report and provided assurance that the financial information has been correctly extracted from the financial systems and fairly reflects the activities of the water division.

Other than these assignments, and in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in the Regional Council and group.

**R L Tomlinson**

*Audit New Zealand*

On behalf of the Auditor-General  
Wellington, New Zealand







## Supplementary Information

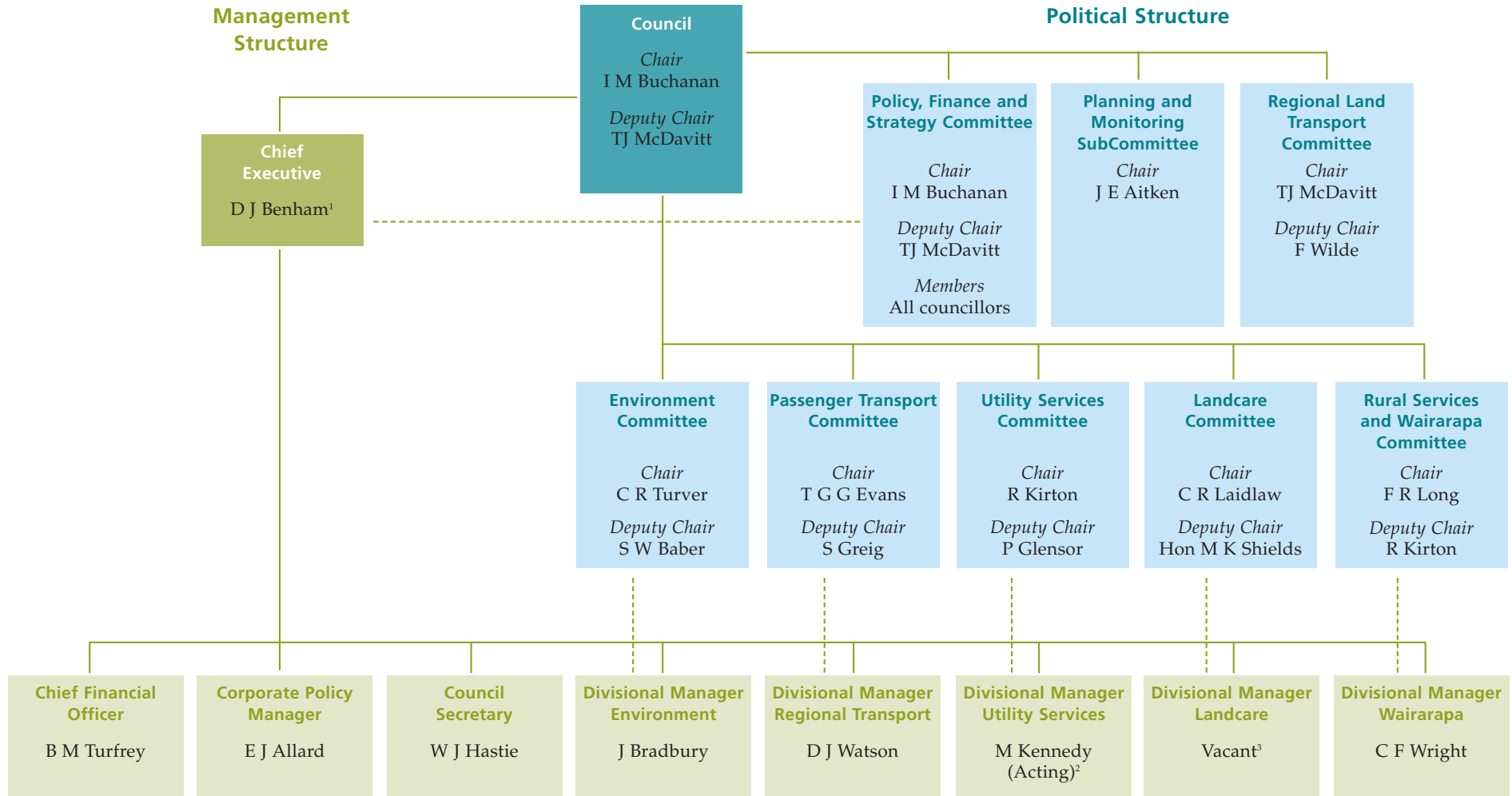
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## Supplementary Information Council Debt

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

# Council and Management Structure



<sup>1</sup> B S Harris was Chief Executive until 14 June 2005.

<sup>2</sup> D J Benham was appointed Chief Executive on 30 August 2005.

<sup>3</sup> R Forlong resigned on 15 July 2005.



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Simpson Grierson  
Chapman Tripp Sheffield Young  
Gawith and Co.  
Phillips Fox  
Broadmore Barnett



Greater Wellington promotes **Quality for Life** by ensuring our environment is protected while meeting the economic, cultural and social needs of the community.



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REGIONAL COUNCIL