

Annual Highlights



- Our flood protection systems were put to the test during the February floods. They held up well – flooding would have been more widespread and damage far greater without the works we’ve carried out in the past.
- The 40-year investment programme for flood protection in the Hutt Valley continued. Belmont edge protection works will minimise the risk of riverbank erosion and preparations are underway for the Ava to Ewen river realignment.
- Signs of progress have been seen in negotiating a new contract with rail operators Toll New Zealand.
- A new network of bus services has been introduced in the Hutt Valley. Greater Wellington invested about \$1.7 million to increase services provided by more than a third.
- The Wellington region recorded its lowest ever level of bovine Tb with only 21 infected deer and cattle herds.
- Last year we worked on 65 key native ecosystems in the region, helping out with pest control to improve the condition of the bush.
- Annual water supply volumes are gradually increasing while total water use during summer is decreasing. The latest population figures put some potential pressure on maintaining reliability of our supply.
- The *Regional Outdoors* programme of events in regional parks and forests was one of the most successful ever and, despite a wet summer, our visitor numbers remain fairly constant.
- Greater Wellington took over the management of East Harbour Regional Park. We began a new ranger service there and put lot of work into bringing the park up to our network standard.
- Applications for resource consents went up by a third last year and we dealt with over 1000 pollution incidents.
- We’re working with private landowners on several initiatives to enhance streams, rivers and wetlands.

Over 6000 households have joined our *Be the Difference* programme.





Chairperson's Report

I am pleased to have this opportunity to introduce Greater Wellington Regional Council's Annual Report for the year ended 30 June 2004. This was the first year of implementation of our Long Term Council Community Plan 2003 – 2013 and I can report good progress has been made.

Focusing on regional co-operation, the significant achievements of the year were the signing of the Triennial Agreement and the establishment of the Wellington Regional Strategy. The region's political leaders have been aware for some time that we need to think about our future collectively, so that we can make the right decisions for ensuring that the sustainable growth happens which is needed to secure our quality of life. We've talked about this for some time, but last year in the spirit of the new Local Government Act and following the successful models in the Auckland and Bay of Plenty regions a firm plan of action emerged.

The Triennial Agreement is an agreement between all the councils of the region as to how we will work together for the good governance of the cities, districts and region by acting collaboratively.

The Wellington Regional Strategy takes co-operation one step further and is an agreed process for developing and implementing a collective vision for sustainable urban form and development in the region to 2050. The objective is to promote and manage desirable growth for this region. Tangata whenua, central government, business sectors and infrastructure providers are also involved as strategic partners.

The strategy is looking at two time horizons – 20 years and 50 years – and will be a means of co-ordinating different processes required under various pieces of legislation. The Regional Strategy will give us an overarching framework for linking all our planning documents, notably the Regional Land Transport Strategy, the Regional Policy Statement and all councils' Long Term Council

"The Regional Strategy will give us an overarching framework for linking all our planning documents."



Community Plans. There will be major milestones along the way ensuring that early results are helpful to the region and the region's councils.

Under the Regional Strategy each council maintains autonomy and accountability to its local community whilst enjoying the benefits of a collective vision and sharing of resources where appropriate. In effect participating councils can enjoy the best of both worlds.

Clearly, the communities' views, priorities and preferences will be needed to ensure that the strategy meets the expectations and requirements of the people of the region. Extensive opportunities will of course be provided to engage with the regional community.

The Regional Strategy is an exciting initiative and is an important demonstration of how we can all achieve so much more when we work together. In this annual report there are many other examples of successful

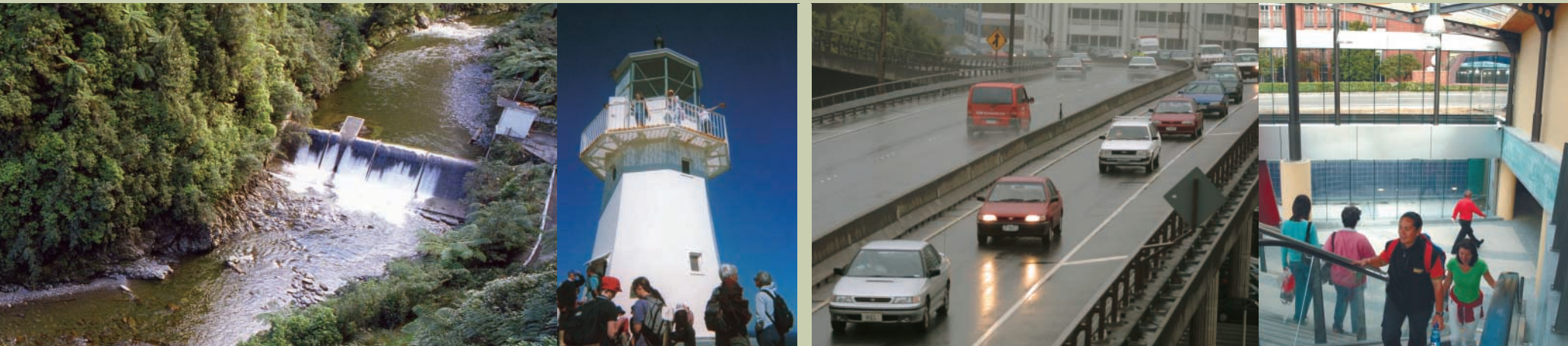
partnerships between Greater Wellington staff and other agencies, individuals and community groups.

As always, this year's achievements would not be possible without the hard work and goodwill of others in the region. My thanks to all for continuing to work towards our vision of a sustainable region.



Margaret Shields
Chairperson

The number of applications for resource consents went up by a third and we dealt with over 1000 pollution incidents.





Chief Executive's Report

We have had a successful year implementing the first year of our ten year plan, Towards A Sustainable Region 2003-2013. In the following pages we describe in detail our progress towards meeting our outcomes and targets. I'd like to comment on some of the highlights of the year.

The February 2004 floods were a striking reminder of the forces of nature and the need for robust regional emergency management systems and flood protection planning. In the Wairarapa and the Hutt Valley our infrastructure and response systems were put to the test. I'd particularly like to thank staff for their commitment, skills and the long hours worked during this time.

We provide \$17.5 million in subsidies for the metropolitan rail network. However over the past twelve months, progress has been made towards negotiating a new contract with Toll New Zealand. We look forward to seeing new levels of investment in rolling stock over the next ten years.

We are building a closer relationship with central government, community and business interests in all aspects of our transport planning work. The Western Corridor review is a good example of this integrated approach. The outcome of the review will be a staged transport plan encompassing rail, road and travel demand management as well as future land use. The review will consider a full range of transport options including Transmission Gully.

This year the Wellington region has recorded its lowest ever level of bovine Tb reactors with only 21 infected deer and cattle herds. Our bovine Tb possum control operations play an important role in the agricultural economy, ensuring that farmers can continue to export primary products. We are well on track to achieve our goal of only six infected herds by mid 2013.

In the submissions on the proposed LTCCP there was considerable community support for investigating renewable energy sources.

"This year the Wellington region has recorded its lowest ever level of bovine Tb reactors with only 21 infected deer and cattle herds."





Greater Wellington has responded by undertaking a feasibility study into three wind energy sites in the region including installing wind recording instruments. The average wind speed recorded at Mt Climie Ridge is an impressive 13.7 metres per second.

According to research we undertook in November 2003, 78% of residents in the region are interested in doing more to help the environment. However people said among the barriers to do doing more to help was a lack of time and lack of information. A new initiative, *Be the Difference*, aims to harness this interest by encouraging households to help the environment by making small changes to everyday behaviours. *Be the Difference* members receive information packs three times a year. The advice is simple and easy, such as using a car wash facility or washing your car on the lawn to avoid detergents flowing into stormwater drains and into rivers and the sea. Over 6000 households have joined the programme so far. The programme complements our regulatory and policy work and environmental education with schools and the actions of our partner local city and district councils.

It is also heartening to see the high level of community participation in environmental restoration projects across the region. 60,000 plants were planted at 49 Greater Wellington planting events during the year. Community groups have also been active assisting our staff with weed control, checking pest bait stations and organising talks and walks in the Regional Outdoors programme. These partnerships mean that we can achieve so much more and the community can feel a real sense of ownership in the results.

My thanks to Greater Wellington staff for their high quality work and ongoing commitment to sustainability.

Barry Harris
Chief Executive

Executive Management Team

Divisional Manager Environment

Jane Bradbury

Divisional Manager Utility Services

David Benham

Divisional Manager Wairarapa

Colin Wright

Council Secretary

Wayne Hastie

Divisional Manager Regional Transport

Dave Watson

Divisional Manager Landcare

Rob Forlong

Chief Financial Officer

Barry Turfrey¹

Corporate Policy Manager

John Allard

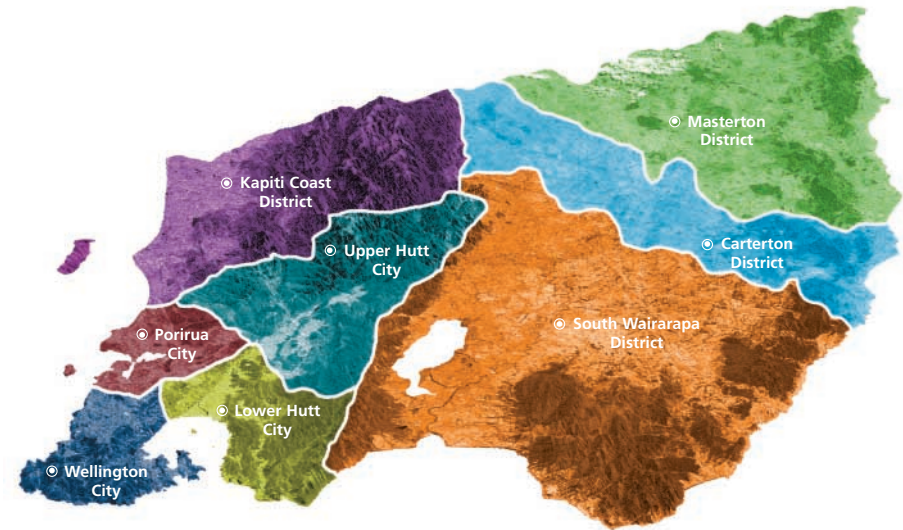
¹ Greg Schollum was CFO until 27 August 2004



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. It is responsible for one of the largest flood protection schemes in New Zealand.
- Around 31 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 500,000 hectares of land in the region.
- Greater Wellington manages 50,000 hectares of regional parks and forests.















This annual report is the first produced under the Local Government Act 2002, with its emphasis on linking what the council does to outcomes desired by the community, and to its 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 requires, in addition, 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 the Council does” and “why the Council 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



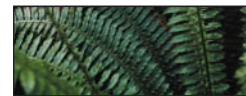
Flood Protection

- 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 (24 in 2003).

400 native forest areas on private land protected (134 in 2003).

80% of our region under intensive possum control (67% in 2003).



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.

The water quality of our six most polluted streams and rivers improves (the Ruamahanga River and the Waiwhetu, Waitohu, Kaiwharawhara, Ngarara and Makoura streams).

PROGRESS SUMMARY TO 30 JUNE 2004

Four additional wetlands on private land were approved for covenanting with GW financial support in 2003/2004.

Sixteen additional native forest areas on private land were approved for covenanting with GW financial support in 2003/2004.

Possum control area undertaken under the Bovine Tb National Pest Management Strategy totalled 531,551 hectares.

Possum control area undertaken under all other GW managed schemes totalled 64,884 hectares.

Combined, this equals 73.4% of the region.

Fully complied 100% of the time with micro-biological requirements of Drinking Water Standards NZ 2000 for water leaving the water treatment plants and in the distribution system.

Complied with all resource consents held.

Apart from periods of scheduled maintenance, customers' reservoirs were over 60% full 80% of the time.

No progress summary can be provided to 30 June 2004. The next technical report on the rivers state of the environment programme is due to be completed in June 2005.



TAKE 10 QUALITY FOR LIFE TARGETS TO 2013

Water

(continued)

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

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 2004

No progress summary can be provided to 30 June 2004. The next technical report on the rivers state of the environment programme is due to be completed in June 2005.

93.6% of all samples taken at 76 sites around the region’s coastline met the required guidelines.

However, 79% of sites failed to meet the required standards on one or more occasion during the year. In most cases (92%) the exceedence of the guideline was associated with rainfall in the preceding 48 hours.

In the period to 30 June 2004 there were 23 recorded instances where the “alert” level was reached. These were:

- Masterton – 13 Exceedences (PM₁₀)
- Lower Hutt – 1 Exceedence (PM₁₀)
- Upper Hutt – 4 Exceedences (PM₁₀)
- Wainuiomata – 5 Exceedences (PM₁₀)



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 litres in 2003).

At least a 500% increase in electrical energy produced from renewable energy sources in the region (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 (56,500 hectares in 2003).

No overall deterioration in the health of our soils.

PROGRESS SUMMARY TO 30 JUNE 2004

During 2003/04 442 million litres of fuel was sold within the Region. This compares with 458 million litres in 2002/03, and represents a 3% reduction.

Note that the baseline of 442 million litres was the 2001/02 figure. For 2002/03 the correct figure was, as cited above, 458 million litres.

No new generation during the year but Genesis Energy has announced its intention of expanding the Hau Nui wind farm in the Wairarapa.

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.

A further 373 hectares are now under sustainable management practices from the annual planting programmes on erosion-prone land.

In total 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 2003).

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.

PROGRESS SUMMARY TO 30 JUNE 2004

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 5 yearly basis when new census information becomes available.

A new base line was established in 2004 which showed that 37% of trips, shorter than 2km, were made by active modes.

The March 2004 travel time survey on representative routes to key facilities in the Wellington, Hutt and Porirua CBDs, Wellington International Airport, and the industrial area at Seaview, showed that the all day, all network, congestion level was an average of 0.39 minutes (23 seconds) per kilometre travelled. This compares with an average of 0.32 minutes (19 seconds) per kilometre travelled in May 2003, and represents a 22% increase.

There has been no measurement of any progress towards this target in 2003/04. Work has commenced on establishing baseline figures. These will be determined in 2004/05.

During 2003/04 1109 incidents were reported throughout the Region. This compares with 1141 reported incidents in 2002/03, and represents a 2.8% reduction.



TAKE 10 QUALITY FOR LIFE TARGETS TO 2013



Waste

(continued)

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



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.

PROGRESS SUMMARY TO 30 JUNE 2004

No measurement of progress to-date. Businesses participating in the *Take Charge* environmental education programme will be surveyed to determine if they have waste reduction initiatives in place.

A survey was conducted in May 2004. 50% of respondents reported that they had visited a regional park in the 2003/04 year.

Two storms caused flooding that led to significant damage in the Wellington region in 2003/04. These were the October 2003 storm that flooded Paekakariki, and the February 2004 storm that flooded houses and industrial commercial premises adjacent to the Waiwhetu Stream, isolated houses in the lower Hutt Valley and in Wainuiomata and caused widespread flooding of farmland around the Ruamahanga river scheme.

There was no loss of life as a result of a flood event.

A survey on community preparedness was conducted in May 2004. 31% of residents consider they have an emergency plan while about 66% of all households claim they have emergency survival supplies.

TAKE 10 QUALITY FOR LIFE TARGETS TO 2013



Safety & Hazards

(continued)

No significant accidents in our harbours and coasts.

Safety concerns do not stop people using public transport.



Community

Five new care groups per annum.

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

PROGRESS SUMMARY TO 30 JUNE 2004

Two significant accidents occurred in 2003/04:

- *Aratere/San Dominico* collision in bad weather on 5 July 2003. Forty-four tonnes of diesel spilled.
- Drowning fatality from dinghy in York Bay, in bad weather on 14 February 2004.

Target met in 2003 and sustained in 2004 (no one surveyed in the Regional Land Transport Strategy Annual Monitoring Report biennial perception survey cited safety concerns as a reason for not using public transport).

Five groups joined the *Take Care* programme this year:

- Oku Reserve Community Group (Island Bay dune restoration)
- Friends of Owhiro Stream
- Millwood Residents Association (restoration of part of Hull's Creek)
- Friends of Millenium Native Forest Reserve (restoration of three wetlands)
- Friends of the Otaki River.

In a survey undertaken in December 2003, 77% of Wellington residents said they are currently doing something to make a positive difference to the region's environment.



Providing opportunities for Māori to contribute to decision making processes.

Introduction

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 the Council in 1993. A review was completed in July 2000, and resulted in the scope of the Charter being expanded to include all areas of council business.

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

Ara Tahi

Ara Tahi is the Council's inter-Iwi representative group. The forum met six times last year and is used for collective discussion and to provide policy advice to Council. Every division of Greater Wellington has been encouraged to use Ara Tahi as a forum for information sharing with Iwi. This allows Iwi to be aware of what all areas of Council do, and more importantly, how they can be involved in Greater Wellington's work.

Resource consents

Māori hearing commissioners were used on all 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 in their rohe.

Technical workshops

Six technical workshops are held annually involving staff and Iwi. The purpose of the workshops is to exchange information, explain technical

concepts and identify issues and solutions. In the last 12 months, three of the technical workshops have been about ways Greater Wellington can involve Māori in decision-making processes. As a result, a policy is being developed in consultation with Iwi that will provide guidance and assist Council to meet this requirement. Other workshops covered aquaculture and transport.

Iwi projects

Greater Wellington supports Iwi to undertake projects that have mutual benefit and that assist Iwi to become more involved in the management of resources. Examples of projects include the development of a GIS database and an Iwi Environmental Management Plan.

Māori policy advisors

Greater Wellington employs two dedicated Māori policy advisors. These positions enable Council to provide enhanced assistance to Iwi and to build and maintain stronger relationships.

Greater Wellington recently moved one of the positions from the Environment Division to Corporate services. This demonstrates the Council's commitment to involve Iwi in all functional areas and to build stronger relationships.

Building internal capacity

Greater Wellington is currently undertaking a review of all Iwi/Māori training. The review will assist Council to implement training for all staff and councillors in the areas of Te Reo, Treaty of Waitangi awareness, tikanga Māori, waiata and induction processes. The review will provide more structure for staff training and target areas of Council where it is needed most.

Operating Results

The Council's net operating surplus for the 2003/04 financial year was \$7.2 million compared with a budgeted surplus of \$2.8 million. Significant components of this surplus above budget were:

- An additional surplus of \$0.7m in Regional Water Supply due to reduced expenditure on chemicals, insurance and rates, offset by a write off of some assets.
- An additional surplus of \$1.4m in Regional Transport primarily as a result of the delays in a number of planned projects including rolling stock refurbishment and a number of kick start services. Additional patronage funding credits from Transfund added to the surplus.
- An additional surplus of \$2.3m in Other Regional Responsibilities primarily as a result of additional investment income including additional income from our Subsidiaries and an unrealised investment write up.

Capital Expenditure

By recent historical standards the level of capital expenditure in 2003/04 has been relatively high as can be seen from the adjacent table.

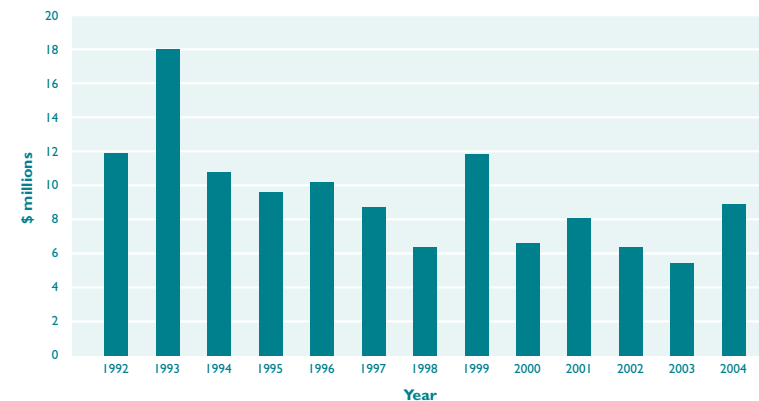
Notable projects advanced or completed during 2003/04 included:

- Various flood protection projects, primarily within the Hutt Valley, including Belmont edge protection and starting the Strand Park realignment.
- Replacement of the last remaining stretch of the original main pipeline supplying the Wainuiomata Treatment Plant with source water.
- Relocation of the Pukerua Bay branch pipeline to the seismically secure new SH1 Paremata Bridge.
- New toilet blocks at Queen Elizabeth Park.
- Replacement of the Petone Station and surrounding canopies.

2004 Operating Surplus/Deficit by Funding Type



Net Capital Expenditure





Funding

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

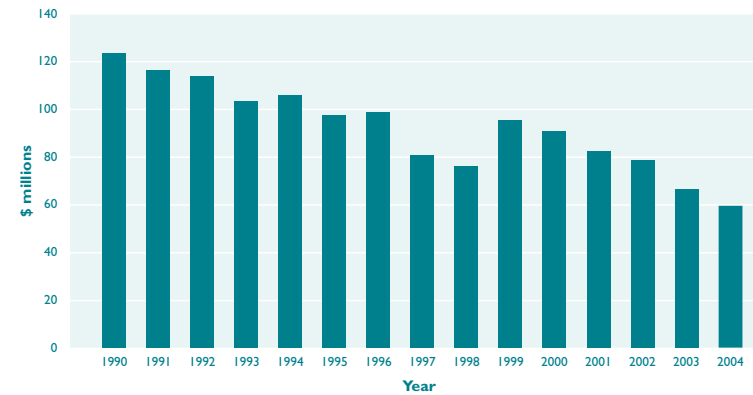
The Council’s funding surplus from operations was above budget by \$4.1 million and working capital movement of \$1.8 million has primarily been applied to increased debt repayment of \$5.3 million.

Funding Impact Statement	2004 Actual \$000's	2004 Budget \$000's	Variance \$000's
Regional Water Supply	1,033	335	698
Regional Transport	859	(508)	1,367
Regional Stadium	757	757	0
Other Regional Responsibilities	4,522	2,226	2,296
Operating Surplus (Deficit)	7,171	2,810	4,361
Movement in Reserves	581	1,263	(682)
Add Back Non Cash Items	8,709	8,516	193
Other Loan Funding	2,855	2,631	224
Funding Surplus from Operations	19,316	15,220	4,096
Less:			
Net Capital Expenditure	8,857	10,205	(1,348)
Investment Additions	2,717	2,666	51
Loan Funding of Capital Expenditure	(5,885)	(7,881)	1,996
Net Capital Expenditure & Investment	5,689	4,990	699
Working Capital Movement	(1,859)	0	(1,859)
Debt Repayment	15,486	10,230	5,256
Net Funding Surplus (Deficit)	0	0	0

Debt

Net debt has been reduced by \$6.6 million during the year from \$66.3 million at 30 June 2003 to \$59.7 million at 30 June 2004. Since 1990 net debt had been reduced from \$123.4 million to \$59.7 million, a reduction of over 50%. The majority of the Council's debt now relates to Regional Water Supply, Flood Protection and the Regional Stadium.

Debt



Asset Management

Asset management plans remain an important building block in Council's financial management framework. The majority of the Council'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, where possible enhanced, to enable the Council to continue to provide the agreed service levels to the community.

During the year the Council made further progress in its asset management planning. Water Supply Infrastructural assets were revalued during the 2003/04 year resulting in an increase in value of approximately \$51.7 million. We continue to focus on making improvements to the Council's asset management plans.

Fixed Assets

