



Report on Groups of Activities Including Statement of Service Performance

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For each activity the actual achievement is compared to the planned performance indicators as set out in the 2003/2004 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, its social, economic and cultural well-being.

The Council 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.

Our progress with the environmental well-being of the Region will be reported through the State of the Environment Report, due to be released next year. Cultural well-being in New Zealand is extremely dependent on a healthy environment.

Together with the territorial authorities, 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

Four additional wetlands and 16 additional native forest areas on private land were approved for covenanting with GW financial support in 2003-2004.

Water Managing quality and quantity of all our waters

No progress can be reported until the technical report on the river's state of the environment programme is completed (due in June 2005).

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

Air Preventing air pollution

In the period to 30 June 2004 there were 23 recorded instances where the "alert" level of air pollution was reached.

Energy Promoting everyday conservation

A "carbon footprint" baseline figure was established for the 2003/04 year.

Land Protecting and enhancing soil quality

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

Waste Encouraging waste reduction and safe disposal Responding to pollution incidents pollution prevention

In 2003/04 a total of 170 audits on high-risk businesses completed under the Take Charge business education programme.

During 2003/04 1109 pollution incidents were reported, compared with 1141 in 2002/03, and represents a 2.8% reduction.

Safety & Hazards Promoting Safety : Harbour management, civil defence

In a survey on community preparedness 31% of residents claim to have an emergency plan while about 66% of all households claim to have emergency survival supplies.

One drowning in Wellington Harbour in 2003/04. Fifty five complaints of unsafe boatie behaviour responded to.

Community Supporting environmental care groups

Five 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.
- The Council's carbon footprint reduced by 10% per annum.
- The Council's waste reduced by half.

Actual

The Council 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.

- 28 wetlands on private land currently legally protected. Four approved for covenanting with GW financial support in 2003/04.
- 150 native forest areas currently legally protected. 16 approved for covenanting with GW financial support in 2003/04.
- Technical report measuring water quality of streams and rivers scheduled to be completed June 2005.
- 93.6% of all samples taken in 2003/4 met the required quality guidelines. Generally, heavy rain before sampling resulted in remaining samples failing to meet required standard.
- Carbon benchmark was set at 4,707 tonnes of carbon equivalent based on the 2003/04 year.
- A baseline for waste is presently being established.



Managing resources (continued)

Planned Targets

SHORT TERM By 30 June 2004

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

- Wetland Action Plan;
- Queen Elizabeth II National Trust private land protection programme;
- Waiwhetu Stream Action Plan;
- Kaiwharawhara Stream Plan;

Actual

The Environment Committee approved a progress report on the implementation of the Regional Policy Statement and Regional Plans for the 2003/04 year on 12 August 2004.

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

- A progress report on the Wetland Action Plan was presented to the Environment Committee (24 June), Landcare Committee (3 August) and Rural Services Wairarapa Committee (22 July). In summary:
 - A Regional Wetland Inventory has been developed and field work in the Wairarapa completed;
 - A report on wetlands in the Wairarapa completed;
 - Hydrological studies on the Queen Elizabeth Park wetlands and the Te Harekeke wetland (Waikanae) completed;
 - Thirty-nine wetland owners received advice or assistance with fencing and weed control under the Wetland Incentives Programme.
- In partnership with private landowners and the QEII National Trust, commitment made to protect 306 hectares of land through covenants, involving a total of four wetlands and 16 bush ecosystems.
- Further investigation of options for the remediation of the Waiwhetu Stream sediments carried out. A guide for residents on how to look after their stream produced.
- Working with Wellington City Council and the community, we have identified and prioritised work programmes to improve the Kaiwharawhara Stream.

Environment Management Targets

Managing resources (continued)

Planned Targets

SHORT TERM (continued)

- Waitohu Stream Community Plan;
- Riparian Management Strategy;
- Care Group work;
- Pauatahanui Inlet Action Plan;
- The Council's Waste Reduction Programme;
- The Council's Carbon Footprint Programme;

Actual

- Progress reported to the Landcare Committee (3 August) and the Environment Committee (12 August). Public consultation process to identify flooding and environmental issues almost completed.
- Twelve catchments selected, where Greater Wellington will contribute financial support to planting fenced-off streams. Three pilot projects (Kakariki in Waikanae, Karori in Wellington, and Enaki in Carterton) completed. Two public information booklets (*Mind the Stream and Restoration Planting*) distributed.
- The Regional Action Plan for the Dairying and Clean Streams Accord was approved by Council in May 2004 and launched in the Wairarapa in July. The *Mind the Stream* booklet is being sent out with the regional action plan to all Fonterra's suppliers in the region.
- Care groups carried out work at the dunes and wetlands at the Waitohu Stream mouth, replanted dunes at Days Bay, and worked on rehabilitation of the wetlands at Henley Lake.
- Public workshop, to set priorities for research on the Pauatahanui Inlet, held in October 2003. Investigations into the quality and amount of sediment in the Inlet commenced, and Stage 2 of the Pauatahanui Inlet Restoration Plan completed.
- Greater Wellington's Wakefield Street offices reduced the amount of its daily waste collection from 3.0 to 1.8 cubic metres.
- The Greater Wellington's carbon footprint for 2003/04 calculated at approximately 4,707 tonnes of carbon equivalent. This figure will be used as a benchmark for the future.

Environment Management Targets



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Managing resources (continued)

Planned Targets

SHORT TERM (continued)

- Wellington Harbour biodiversity case study;
- Freshwater Ecosystems Programme;

To the satisfaction of Council and within a budget of \$710,000.

Actual

- As final part of a case study, a report on the biodiversity of Wellington Harbour and South Coast beaches and estuaries was approved by the Environment Committee (June 2004). An action plan for marine biodiversity developed.
- Progress and future direction of the programme presented to the Environment Committee (September 2003). Information sheets about native freshwater fish found in the Wellington Region completed. *Point, Click, Fish* (computer database to show location of native fish) now being used by staff for processing resource consents. A booklet of guidelines about fish passage over structures that commonly occur in the region completed.

Work was completed to the satisfaction of Council and actual costs were \$605,000.

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 2004

All consents 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 \$560,000.

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 \$285,000.

Actual

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

A total of 750 consents processed in accordance with the Consent Processing Procedures Manual. Of these, 749 processed within statutory timeframes. The median timeframe for non-notified consents was 10 working days.

Actual costs were \$451,000.

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

Actual costs were \$278,000.

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 2004

Ara Tahī 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 \$262,000.

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 fora 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 Tahī met four times this financial year (3 September, 12 November, 24 March and 26 May). The 20 February meeting was cancelled owing to flooding. Five Ara Tahī workshops have taken place this financial year (16 July, 20 August, 15 October, 7 April, 16 June).

Actual costs were \$32,000.

Iwi projects funded this financial year were:

- Iwi Environmental Management Plan (Taranaki Whānui);
- GIS Inventory of Māori Heritage Values in the Port Nicholson Block (Wellington Tenth's Trust);
- Kapiti groundwater monitoring (Ati Awa ki Whakarongotai)
- Development of Waahi Tapu database, history of Ngāti Hāmua Report and Iwi environmental education sheets (Rangitāne)
- Protection and Enhancement of Punaruku Lagoon (Ngāti Kahungunu)
- Pest plant control at Okautete nature Reserve (Ngāti Kahungunu)

Actual costs were \$248,000.



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; and
- 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 December 2005.
- 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 2004, the “alert” level was reached 23 times, at the following locations:

- Masterton – 13
- Lower Hutt – 1
- Upper Hutt – 4
- Wainuiomata – 5

Environment Management Targets



Managing resources (continued)

Planned Targets

SHORT TERM By 30 June 2004

An annual report card containing summary information for the following resources will be published to the satisfaction of the Council and within a budget of \$1,495,000

- Hydrology
- Groundwater
- Freshwater quality
- Coastal water quality
- Recreational water quality
- Air quality
- Soil quality.

Actual

Nine report cards approved by the Environment Committee (27 November 2003) and widely distributed. The reports covered biodiversity, air quality, coastal and freshwater quality, groundwater, soil, hydrology, pollution control and natural hazards.

Actual costs were \$1,476,000.



Environment Management Targets

Managing harbours

Planned Targets

LONG TERM

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

SHORT TERM By 30 June 2004

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 \$292,000.

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

The number of pollution incidents received will reduce by 5% of the 2002/03 total.

Actual

A total of 1,109 incidents was reported, amounting to 2.8% less than the 2002/03 total (1,141).

All 1,109 incidents reported were responded to and, where appropriate, followed up. Regular reports were made to the Environment Committee.

A pollution control report card was approved by the Environment Committee (27 November 2003) and widely distributed.

A total of 1,109 incidents were reported amounting to 2.8% less than the 2002/2003 total (1,141).

Actual costs were \$350,000.

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 2004

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 \$210,000.

Actual

- A further five care groups were established in 2003/04 bringing the total to 26 care groups. New groups were:
 - Oku Reserve Community Group
 - Friends of Owhiro Stream
 - Millwood Residents' Association
 - Friends of Millenium Native Forest Reserve
 - Friends of the Otaki River
- 77% of Wellington residents say they are currently doing something to make a positive difference to the region's environment.
- Not yet surveyed. The Council's *Take Charge* programme for business has now carried out 170 audits.

A further five community care groups joined the *Take Care* programme, while 21 others continue to be supported under the programme.

Altogether around 2,000 members of the community have been involved in care group and related programmes this year, with some 60,000 plants planted at 49 events. The following exemplifies progress:

- Extensive planting alongside the Porirua Stream by the Glenside Group and the erection of a large sign.
- Completion of a fence to provide unimpeded access to the Hull's Creek site at Silverstream Railway, and significant planting in the wetland and alongside the stream.

Environment Management Targets

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 \$234,000.

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 \$202,000.

Actual

- The removal of weeds and the planting of pingao and spinifex at Island Bay.
- The construction of a shadehouse at Pukerua Bay School by the Waimapehi Stream care group.
- The Manuka Reserve restoration plantings becoming well established.
- Further planting alongside the Kaiwharawhara Stream by the Otari-Wilton's Bush group.
- The removal of willows and Japanese Honeysuckle from O Te Pua Wetland.
- Comprehensive pest control, bird monitoring, and the planting of around 600 plants at the Waimeha lagoon.
- Further planting of the streamside at Te Horo beach.
- Monitoring and planting at Fensham Reserve.

Actual costs were \$209,000.

In total, 37 classes and 1,040 students participated in the *Take Action for Water* programme during the year (either guided by the Council or self guided). Five resource books produced to help teachers lead more effective action projects and to tailor *Take Action* to their schools' environmental interests and circumstances.

Actual costs were \$228,000.

Motor workshops were the new business type for *Take Charge* this year. A total of 170 new audits completed in 2003/04 (60 service stations, 109 motor workshops and one manufacturing business).

Actual costs were \$188,000.



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 2004

25% of organisations and households will have an emergency plan and survival supplies, within a budget of \$41,000.

Actual

A recent survey showed that 60% of respondents in the Wellington Region claimed that they had supplies specifically intended for use in a major emergency.

However, the following are areas of concern:

- Inadequate quantity of emergency water stored.
- Low number of households with emergency plans.

A survey of households, carried out in May 2004, to determine the preparedness for an emergency event revealed that 61% of households have emergency food supplies, 68% of households have emergency water supplies and 31% have an emergency plan.

Actual costs were \$38,000.



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 2004

The Beacon Hill Harbour Communications Station will provide a 24-hour, 365-day-service, which is in accordance with Council agreed operating standards, and within a budget of \$310,000.

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 \$81,000.

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 \$340,000.

35 incidents of oil spills reported, of which five were significant. All checked within the set timeframe. Of these spills two were caused by the "San Domenico" incident on 5 July 2003, during which 44,000 litres of diesel was spilled and subsequently (August 2003) when the same vessel was slipped at Shelly Bay. A further two spills came from vessels' decks after bunkering incidents. In January 2004, a "non-marine" spill from an oil terminal ashore occurred. A formal log kept.

Actual costs were \$24,000.



Managing harbours (continued)

Planned Targets

SHORT TERM (continued)

Within a budget of \$81,000, 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

- The Council approved the revised Navigational and Safety bylaws (11 December 2003). These came into effect on 22 December 2003.
- Approximately 900 copies of the new bylaws distributed to recreational and commercial vessels. The bylaws were promoted at various events.
- Wellington and Porirua Harbours were patrolled over the summer months. A temporary Harbour Ranger was engaged for the six-month period December 2003 to June 2004.
- No significant events reported during the year. However, 55 complaints of unsafe boatie behaviour responded to. A formal log kept.

Actual costs were \$126,000.



Environment Management Funding Impact Statement

	Council 2004 Actual \$000's	Council 2004 Budget \$000's
General Rate	9,660	9,660
Targeted Rates	0	0
Government Subsidies	169	95
Interest & Dividends	20	20
Fees, Charges & Other Revenue	2,107	1,827
Operating Revenue	11,956	11,602
Direct Operating Expenditure	11,636	11,578
Interest	0	0
Depreciation/Loss (Gain) on Disposal	295	307
Operating Expenditure	11,931	11,885
Operating Surplus (Deficit)	25	(283)
Less:		
Capital Expenditure	268	307
Proceeds from Asset Sales	(2)	(20)
Loan Funding	0	0
Rates Funded Capital Expenditure	266	287
Debt Repayment	0	0
Investment Additions	0	0
Reserve Movements	(32)	(263)
Working Capital Movements	0	0
Non Cash Items	(295)	(307)
Net Funding Surplus (Deficit)	86	0

Operating Revenue

Managing Resources	9,210	8,785
Environmental Education	936	885
Managing Harbours	1,374	1,366
Managing Emergencies	436	566
Total Operating Revenue	11,956	11,602

Operating Expenditure

Managing Resources	8,871	8,873
Environmental Education	1,298	1,023
Managing Harbours	1,248	1,416
Managing Emergencies	514	573
Total Operating Expenditure	11,931	11,885

Capital Expenditure

Land & Buildings	0	0
Plant & Equipment	178	203
Vehicles	90	104
Total Capital Expenditure	268	307



The Regional Transport group of 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 and 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 the contracting of public transport services which results in fewer vehicles being on the roads, particularly at congested times, leading to lower environment impacts. Greater Wellington also encourages cycling and walking, which are more environmentally friendly modes and also have spin-offs in terms of fitness.

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

PROGRESS ON OUR CONTRIBUTIONS

Air

Promoting reduced vehicle emissions

In the period to 30 June 2004 there were 23 recorded instances where the "alert" level of air pollution was reached.

Energy

Encourage use of public transport, cycling and walking

In 2003/04 442 million litres of fuel was sold within the Region, a 3% reduction on 2002/03.

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

In 2003/04 31.6 m people used Public Transport in the region, a 2.6% increase on 2002/03. Also in 2003/04 Public Transport passenger kms were travelled, a 2.5% increase on 2002/03.

Transport

Funding public transport services and facilities to:

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

45% of work trips into central Wellington were made by private vehicle in 2001. This information will be updated on a 5 yearly basis.

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

The March 2004 travel time survey on representative routes to key facilities showed a 22% increase.

Safety & Hazards

Promoting safety within our transport systems

No one surveyed cited safety concerns as a reason for not using public transport. Target met in 2003 and sustained in 2004



Regional Transport Targets

Planning and monitoring the transport network

Planned Targets

LONG TERM

The Council 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 *Take 10 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 2km are walked or cycled.

Actual

The Annual Monitoring Report on the implementation of the adopted Regional Land Transport Strategy provides a time-based analysis of the *Take 10 Quality of Life* measures.

The current review of the RLTS under the Land Transport Act 2002 is programmed for completion by the end of 2005.

- All network average congestion increased 22% for 2003/04, increasing from 0.32 minutes (19 seconds) of delay per kilometre travelled in 2003 to 0.39 minutes (23 seconds) of delay per kilometre travelled in 2004.
- In the period to 30 June 2004 there were 23 recorded instances where the “alert” level was reached. One instance can be solely attributed to traffic. Further monitoring and analysis is being developed.
- Over the last two census years, the proportion of work trips into central Wellington made by private vehicle has reduced by 8%, to 45%.
- In the last GWRC household survey undertaken in 2001, only 44% of people chose to use the pedestrian or cycle modes for short trips under 1km. Results of the new active mode survey, undertaken for the first time in 2004, indicated that on average 74% of all trips up to one km were being undertaken by an active mode.

In the last GWRC household survey undertaken in 2001, only 33% of people chose to use the pedestrian or cycle modes for short trips under up 2km.

Regional Transport Targets



■ 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 2004

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.

A formal review of the adopted Regional Land Transport Strategy, taking account of current government transport policy, will be started within a budget of \$50,000.

Actual

- Fuel sales fell from a total of 458 million litres in 2002 year to December to 442 million litres in 2003 year to December.

The transport model was peer reviewed and required additional work before it could be made available to test alternative strategies for an upcoming review of the RLTS. Total cost of project for 2003/04 was \$228,000. Increased funding from Transfund offset 50% of the cost variance.

Work has begun on the review of the RLTS and has to date utilised mainly in-house resources, which has resulted in a cost of \$10,000.



Regional Transport Targets

Building the public transport infrastructure

Planned Targets

LONG TERM

The Council will maintain and develop public transport user facilities to conform to the Council's 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 2004

All current public transport user facilities will be maintained in accordance with the Council's guidelines to the satisfaction of the Manager Transport Procurement and within a budget of \$706,000.

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 Act 2002 allows the Council to own public transport infrastructure. This will enable the Council over time to better manage the provision and maintenance of such facilities.

- All network average congestion increased 22% for 2003/04, increasing from 0.32 minutes (19 seconds) of delay per kilometre travelled in 2003 to 0.39 minutes (23 seconds) of delay per kilometre travelled in 2004.
- Of the 195 respondents of 1000 interviewed in the GWRC Transport perception survey who said they had not used public transport in the past 12 months, none specifically cited safety concerns as the reason.

All facilities have been maintained in accordance with the Council's guidelines and to the satisfaction of the Manager Transport Procurement. Costs for the year were \$683,000.

This project has been delayed to 2004/05 and will go out to tender in the first 6 months of the year following the completion of a Porirua Service Review.

Wellington City Council has completed work on the Dixon/Victoria/Manners Street bus priority lanes. GWRC contributed \$250,000 to the project. As a result of additional funding being made available from Transfund \$111,000 was spent on overhead wires alterations at: Lambton Quay, Hunter St, Willis/Manners St, & Chaytor St.



Funding public transport services

Planned Targets

LONG TERM

The Council will purchase passenger transport services which conform to both the Council's transport policies, as expressed by the Regional Passenger Transport Plan, and the Council'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.

SHORT TERM By 30 June 2004

The Council will achieve, through the tendering process approved by Transfund New Zealand, a total contract price for bus and rail services of no more than \$41,565,000.

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

Actual

The demand for passenger transport service continues to grow at about 5% per annum. Consequently services are increasing to accommodate the growth. Hutt Valley bus services have had the greatest increase in patronage of about 19% on a year to year comparison.

- Over the last two census years, the proportion of work trips into central Wellington made by private vehicle has reduced by 8%, to 45%.
- All network average congestion increased 22% for 2003/04, increasing from 0.32 minutes (19 seconds) of delay per kilometre travelled in 2003 to 0.39 minutes (23 seconds) of delay per kilometre travelled in 2004.
- Fuel sales fell from a total of 458 million litres in 2002 year to December to 442 million litres in 2003 year to December.

The total cost of contracted services, including concessionary fare reimbursements and school services was \$40,372,000. The favourable cost variance is a result of timing delays and non-implementation of kick-start projects, and the deferring of refurbishment of the English Electric carriages.

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



Regional Transport Targets

Funding public transport services (continued)

Planned Targets

SHORT TERM (continued)

A 24-hour, 7-day passenger timetable enquiry service will be provided within a budget of \$250,000.

Actual

The cost of providing this service was \$372,000. The variance of cost from the budget was the result of installation of a computerised journey information system and thus the additional staff requirements to handle increased call volumes and call lengths.

Regional Transport Targets



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Funding total mobility

Planned Targets

LONG TERM

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 2004

The *Total Mobility* scheme will be administered to the satisfaction of Transfund New Zealand within a budget of \$1,330,000.

Actual

The access provided to users of Total Mobility is that of a taxi ride, and as long as all those currently qualifying for the service can be accommodated, the level of access for them should remain at present levels.

Whilst there was no audit by Transfund New Zealand during the year, their procedures were complied with. Costs for the year were \$1,472,000. The adverse cost variance was a result of increase in client numbers over the year and contribution to 5 new/replacement van hoists.



Regional Transport Funding Impact Statement

	Council 2004 Actual \$000's	Council 2004 Budget \$000's
General Rate	0	0
Targeted Rate	26,366	26,366
Government Subsidies	26,218	27,247
Interest & Dividends	115	46
Fees, Charges & Other Revenue	173	166
Operating Revenue	52,872	53,825
Direct Operating Expenditure	51,420	53,653
Interest	306	306
Depreciation/Loss (Gain) on Disposal	287	374
Operating Expenditure	52,013	54,333
Operating Surplus (Deficit)	859	(508)
Less:		
Capital Expenditure	883	232
Proceeds from Asset Sales	0	(4)
Loan Funding	0	0
Rates Funded Capital Expenditure	883	228
Debt Repayment	324	324
Investment Additions	0	0
Reserve Movements	(61)	(686)
Working Capital Movements	0	0
Non Cash Items	(287)	(374)
Net Funding Surplus (Deficit)	0	0

Operating Revenue

	Council 2004 Actual \$000's	Council 2004 Budget \$000's
Funding & Promoting Public Transport Services	42,722	45,529
Building the Public Transport Infrastructure	5,799	3,837
Funding Total Mobility Planning & Monitoring the Transport Network	1,761	1,726
	2,590	2,733
Total Operating Revenue	52,872	53,825

Operating Expenditure

	Council 2004 Actual \$000's	Council 2004 Budget \$000's
Funding & Promoting Public Transport Services	43,290	45,374
Building the Public Transport Infrastructure	4,659	4,510
Funding Total Mobility Planning & Monitoring the Transport Network	1,867	1,726
	2,197	2,723
Total Operating Expenditure	52,013	54,333

Capital Expenditure

	Council 2004 Actual \$000's	Council 2004 Budget \$000's
Land & Buildings ¹	544	0
Plant & Equipment	339	187
Vehicles	0	45
Total Capital Expenditure	883	232

¹ Greater Wellington planned to fund the rebuilding of Petone station. Due to a change in legislation Greater Wellington was able to assume ownership of the new station.



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 such a supply many industries simply could not function and, indeed, an availability of healthy water is an inherent requirement for well-being.

The water supply system was operated in a way that makes sure there are no significant negative effects, including making sure that the bulk water supply is environmentally friendly.


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 \$232,000 below last year.

 **Energy**
Committing to energy reduction programmes

The Council utilises a system optimiser that ensures water is produced when power costs are lowest and hence losses in the electricity network are minimised. Further work on power factor correction at various pumping stations is being planned for the 2004/05 year.

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

Current projects to secure water supply include:

- planning a route that replaces a vulnerable section of pipeline between SH2 and SH58.
- Investigating, with Wellington City Council a major new operational reservoir for the Wellington CBD that would also provide water supply in an emergency.
- Finalised a site for a new Karori pumping station that will be more secure in a seismic event than the present 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 2004

The collection, treatment and delivery of water will be managed to ensure the quality of water supplied continually complies with the Ministry of Health's *Drinking-Water Standards for New Zealand 2000*.

Water testing will be carried out by an International Accreditation New Zealand (IANZ) registered laboratory at sampling points defined by the Quality Assurance Section of GW Water, not less than five days out of every seven. Expenditure will not exceed the budget of \$503,000.

Ensure the gradings of the water treatment plants at 1 July 2003 are at least maintained.

Actual

All water that GW Water treats currently meets Ministry of Health Drinking Water Standards. Greater Wellington 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 Water Treatment Plants are graded B. Waterloo would be upgraded to A if chlorine was added to the treated water, although HCC requested that this should not occur. A process for re-grading Gear Island to A or A1 will be discussed with the Regional Health Service.

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

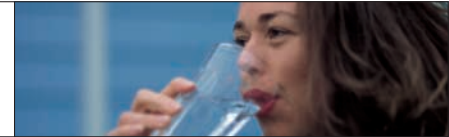
GW Water holds certification to ISO 9001:2000 for its wholesale water supply operations.

Analysis of the test results for the quarter indicated ongoing compliance with the standard having occurred during the year. However there was one minor instance of technical non-compliance.

Water testing was carried out by an IANZ registered laboratory at sampling points defined by the Quality Assurance Section of GW Water, not less than five days out of every seven. Expenditure for the year was \$502,500.

There has been no change to the gradings since 1 July 2003.

Regional Water Supply Targets



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Quality (continued)

Planned Target

SHORT TERM (continued)

ISO 9002 will be replaced by ISO 9001:2000.

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 \$170,000, 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

Confirmation that GW Water would receive ISO 9001:2000 was notified in September 2003 with final certification received in December 2003.

Work by Regional Park Operations was completed. Annual expenditure of \$148,097 was incurred, compared to a budget of \$170,000.

The legislation has not yet been introduced into Parliament.



Regional Water Supply Targets

Security of supply

Planned Targets

LONG TERM

Water will be available on a daily basis to meet the one 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 2004

The Kaitoke intake will be refurbished to accepted engineering standards at a cost not exceeding \$200,000.

Actual

Projections using a computer based sustainable yield model show that Greater Wellington's water supply infrastructure is sufficient to meet a one in 50 year return period event until about 2007, at high growth rates. Previously the date was 2020 but recent population increases have brought the date forward. A further review will be carried out when statistics NZ releases its population figures in late 2004. A one in 50 year drought strategy has been adopted after consultation with our customers. This is less than that of Auckland's one in 200 year strategy, though their system is less dynamic in its raw water supply.

GW Water manages 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.

GW Water has a "n-1" policy for security of water supply. This means that either Te Marua or Waterloo Water Treatment Plants could be out of commission and the daily base water requirement of 145 ML still met.

Inspection has shown that the required refurbishment is less than anticipated. However, high summer river flows prevented work commencing and it is likely that the work will be completed in the next financial year. Preliminary expenditure of \$6,505 was incurred during this financial year.

Regional Water Supply Targets



Security of supply (continued)

Planned Targets

SHORT TERM (continued)

The OK main from Tunnel No. 2 to the Wainuiomata Water Treatment Plant will be replaced within a budget of \$1,250,000.

Rebuilding the Karori Pumping Station will be started at an estimated total project cost of \$1,300,000. It is due for completion in 2004/05.

Actual

The work was completed at a cost of \$1,174,000.

Some difficulties have been experienced in obtaining a suitable site and as at year-end, physical work had not started. Expenditure for the year was \$181,391.



Regional Water Supply Targets

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 2004

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 2002/03 will be prepared by 30 November 2003.

Actual

GW Water acquired and sought 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.

Annual consent charges of \$48,961 for 2003/04 were incurred. There have been no significant breaches of the consents during the year.

The Environment Division of GWRC issued a Resource Consent Annual Compliance Report relating to all consents including those held by GW Water. A report was published on 30 November 2003.

Regional Water Supply Targets



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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 2004

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

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

Actual

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

A report was published by 30 November 2003, including the required information.



Regional Water Supply Targets

Business efficiency

Planned Targets

LONG TERM

GW Water has improved its business efficiency over the last six 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 the water levy has been held at the 2003/04 dollar level across the 10 year planning period. However, asset values are expected to increase significantly across the 10 year planning period, which will in turn increase the depreciation expense.

SHORT TERM By 30 June 2004

Total operating expenditure, excluding depreciation, will not exceed \$20,465,000.

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 \$5.1m or 23% between 1997 and 2004, whilst service levels have been maintained throughout this period.

Year to date expenditure of \$20,075,000 was incurred during the financial year. Activities were carried out according to requirements.

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



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 and Amendments, Health and Safety Regulations 1995*, relevant Codes of Practice and current legislation.

SHORT TERM By 30 June 2004

The Hazard Register will be reviewed on a six monthly basis. We will assess the effectiveness of the measures taken to eliminate, isolate or minimise risk to all GW Water employees and contractors.

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 health and safety plans of all contractors employed by GW Water are reviewed prior to their employment. Their activities comply with the *Health and Safety in Employment Act 1992 and Amendments, the Health and Safety Regulations 1995*, relevant Codes of Practice and current legislation, and meet or exceed the methods of operation as determined within the Utility Services Division's Health and Safety Plan. Their activities are monitored on a regular basis, to ensure that any risk to their employees, employees of subcontractors, Greater Wellington Regional Council staff or the general public is eliminated, isolated or minimised.

Hazard registers are reviewed on an ongoing basis by the works supervisors. Contractor Health and Safety plans continue to be reviewed prior to engagement.



Regional Water Supply Funding Impact Statement

	Council 2004 Actual \$000's	Council 2004 Budget \$000's
General Rate	0	0
Targeted Rate	0	0
Water Supply Levy	22,776	22,776
Government Subsidies	0	0
Interest & Dividends	372	304
Fees, Charges & Other Revenue	696	1,012
Operating Revenue	23,844	24,092
Direct Operating Expenditure	12,769	14,067
Interest	3,674	3,829
Depreciation/Loss (Gain) on Disposal	6,368	5,861
Operating Expenditure	22,811	23,757
Operating Surplus (Deficit)	1,033	335
Less:		
Capital Expenditure	4,046	5,515
Proceeds from Asset Sales	(20)	(61)
Loan Funding	(3,902)	(5,111)
Levy Funded Capital Expenditure	124	343
Debt Repayment	6,249	4,884
Investment Additions	1,718	1,659
Reserve Movements	(690)	(690)
Working Capital Movements	0	0
Non Cash Items	(6,368)	(5,861)
Net Funding Surplus (Deficit)	0	0

Operating Revenue

Council 2004 Actual \$000's	Council 2004 Budget \$000's	
Collecting, Treating & Delivering Water	23,844	24,092
Total Operating Revenue	23,844	24,092

Operating Expenditure

Council 2004 Actual \$000's	Council 2004 Budget \$000's	
Collecting, Treating & Delivering Water	22,811	23,757
Total Operating Expenditure	22,811	23,757

Capital Expenditure

	Council 2004 Actual \$000's	Council 2004 Budget \$000's
Water Sources	247	355
Water Treatment Plants	1,059	1,119
Pipelines ¹	1,393	1,990
Pump Stations ²	457	1,162
Monitoring & Control	41	35
Seismic Protection	29	250
Other	676	200
Major Project Expenditure	3,902	5,111
Land & Buildings	0	0
Plant & Equipment	53	226
Vehicles	91	178
Total Capital Expenditure	4,046	5,515

¹ Permanent cost savings on Paremata Bridge Pipeline and deferment of expenditure relating to the Silverstream Bridge Pipeline.

² Delays in Kaori and Point Howard Pumping stations due to obtaining suitable sites.

Regional Water Supply

Statement of Financial Position as at 30 June 2004



	Notes	Council 2004 \$000's	Council 2003 \$000's
Ratepayers' Funds			
Retained Earnings		70,037	68,314
Reserves		186,804	135,773
Total Ratepayers' Funds		256,841	204,087
Assets			
Current Assets			
Receivables		2,775	3,106
Inventory		1,505	1,432
Total Current Assets		4,280	4,538
Non Current Assets			
Investments		6,856	5,828
Property, Plant & Equipment	7	295,744	246,365
Total Non-Current Assets		302,600	252,193
Total Assets		306,880	256,731
Liabilities			
Current Liabilities			
Payables		3,778	3,951
Employee Provisions		502	587
Total Current Liabilities		4,280	4,538
Non Current Liabilities			
Debt		45,759	48,106
Total Non-Current Liabilities		45,759	48,106
Total Liabilities		50,039	52,644
Net Assets		256,841	204,087





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 terms of 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 the Council involved many farmers and others in its work.

No significant negative effects were generated during the year with no major concerns raised, e.g. over the use of 1080.

PROGRESS ON OUR CONTRIBUTIONS

Biodiversity

Protecting and restoring ecosystems

Controlling plant and animal pests

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

Vector (possum/ferret) control operations completed over 324,662 hectares in 2003/04. Total area under possum control programmes in the region is 596,435 hectares or 73.4% of the region.

Pest control undertaken in 57 Key Native Ecosystem sites in 2003/04.

Water

Enhancing water quality

Riparian planting and fencing programmes completed on 2.7 kilometres of stream banks.

Land

Supporting erosion control measures

Monitoring soil health

A further 373 hectares under sustainable management practices in 2003/04.

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 380 hectares to prevent slipping and removed unwanted vegetation and flood debris from 3 kilometres of river channels.

Community

Community involvement in pest management and land management programmes

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

Completed soil conservation programmes for 127 landowners.



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 0.3% (eight infected herds).

SHORT TERM By 30 June 2004

Bovine Tb vector control operations will be completed on 348,230 hectares in accordance with the contract with the Animal Health Board and to the satisfaction of the Council, within a budget of \$5,326,000.

Actual

The Regional Tb Operational Plan identified a maximum of 43 infected herds by 30 June 2004. The actual number achieved was 21 infected herds. If this momentum can be maintained over the next three years, then the target should be achieved.

Vector control operations were successfully completed to Animal Health Board standards on 324,662 hectares at a cost of \$3,877,500. Control and monitoring contracts totalling \$525,400 were not completed. They have been included in the 2004/05 programme.



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 2004

Implementation of the second year of the Regional Pest Management Strategy to the satisfaction of the Rural Services and Wairarapa Committee, within a budget of \$1,781,000.

Actual

The 2003/04 year saw continued focus on raising public awareness of pest issues and providing greater opportunities for public interaction and feedback. Major achievements during the year included finalising agreements with Territorial Local Authorities on joint pest control programmes, communication initiatives on aquatic pest plants, and expanded pest control initiatives on regional Key Native Ecosystems.

Implementation was completed at a cost of \$1,660,800. An annual report on achievements under the Regional Pest Management Strategy for the 2003/04 year will be presented to the Rural Services and Wairarapa Committee for approval in November 2004.



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 2004

Approved soil conservation plan works will incorporate 350 hectares of pole planting (22,000 poles), 150 hectares of conservation woodlots and 8kms of shelter-belts and will be completed, to the Council's performance standards, within a budget of \$500,000.

Actual

The stabilising of erosion prone land is progressing, and an additional 380 hectares of soil conservation trees were planted during 2003/04 using sustainable management practices.

Approved soil conservation plan works were completed on 127 properties, incorporating 17,000 poles on 245 hectares, and establishing 135 hectares of conservation woodlots, and 2.2kms of shelter-belts. Programmes were completed to Council's performance standard at a cost of \$473,000.

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 2004

Approved programmes will be completed under six catchment control schemes to the satisfaction of each Scheme Advisory Committee, to the Council's performance standards, within a budget of \$82,000.

Actual

Annual programmes have been continued for six Community Catchment Control Schemes. The focus of the programmes being 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 \$122,700, and included \$40,700 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 2004

Stage one of the baseline soil monitoring programme will be completed. Poor-quality soils will be investigated to clarify outstanding issues, to the Council's performance standards, within a budget of \$55,000.

Actual

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

Stage one of the soil quality programme, and soil intactness monitoring was completed, to the Council's performance standards, at a cost of \$41,200.

Land Management Targets



99

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 2004

Three kilometres of riparian management, focusing on increased biodiversity along stream banks, will be completed within a budget of \$130,000.

Actual

There has been no significant deterioration of water quality in our key streams and rivers. Key river and streams are monitored as part of Greater Wellington's Rivers state of the environment monitoring. Any changes in water quality in these water bodies will take some time to occur. A full assessment of the state of these rivers and streams, including the identification of trends will be made in a technical report which is prepared every six years. The next technical report on the rivers state of the environment programme is due to be completed in June 2005.

Riparian management programmes focusing on increased biodiversity, were completed on 2.7 kilometres of stream banks, within a total cost of \$108,000.



Land Management Funding Impact Statement

	Council 2004 Actual \$000's	Council 2004 Budget \$000's
General Rate	3,613	3,613
Targeted Rates	174	173
Government Subsidies	0	0
Interest & Dividends	49	48
Fees, Charges & Other Revenue	5,696	7,130
Operating Revenue	9,532	10,964
Direct Operating Expenditure	9,083	11,017
Interest	0	0
Depreciation/Loss (Gain) on Disposal	118	(18)
Operating Expenditure	9,201	10,999
Operating Surplus (Deficit)	331	(35)
Less:		
Capital Expenditure	98	131
Proceeds from Asset Sales	(8)	(27)
Loan Funding		0
Rates Funded Capital Expenditure	90	104
Debt Repayment	0	0
Investment Additions	0	0
Reserve Movements	40	(157)
Working Capital Movements	0	0
Non Cash Items	(118)	18
Net Funding Surplus (Deficit)	319	0

Operating Revenue

	Council 2004 Actual \$000's	Council 2004 Budget \$000's
Promoting Sustainable Land Management	2,187	2,196
Controlling Plant and Animal Pests	7,345	8,768
Total Operating Revenue	9,532	10,964

Operating Expenditure

	Council 2004 Actual \$000's	Council 2004 Budget \$000's
Promoting Sustainable Land Management	2,202	2,186
Controlling Plant and Animal Pests	6,999	8,813
Total Operating Expenditure	9,201	10,999

Capital Expenditure

	Council 2004 Actual \$000's	Council 2004 Budget \$000's
Land & Buildings	0	0
Plant & Equipment	0	0
Vehicles	98	131
Total Capital Expenditure	98	131



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

In February 2004 the flood defences were severely tested by the weather 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**

The establishment of a Hutt River Ranger along with the provision of access tracks and walkways promoted recreational use.

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

Enhancements to the flood protection system continued as planned. Two flood events caused localised damage, but initiatives are now underway to reduce this local 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 & delivering 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 2004

Complete the Waitohu Stream flood hazard assessment and stream management strategy project in accordance with the scope approved by the Landcare Committee, within a budget of \$55,000.

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 \$380,000.

Actual

The implementation of the three floodplain management plans for the Western region are now well underway, with an intensive capital works programme planned over the next 30 to 40 years. Alongside these plans, both the Wairarapa and Western regions have comprehensive asset management plans which provide the framework for maintaining the flood protection infrastructure that is already in place.

February floods were a very significant over-design event in the Lower Wairarapa Valley Development Scheme. There was no loss of life. However, there were two stopbank failures on side tributaries. Total flood damage in the Ruamahanga River System was \$1,286,000.

The technical investigations were materially completed by 30 June 2004 as originally planned. The scope of this project was significantly expanded in February 2004 by Council to include water quality and ecological issues as well as additional community consultation. A summary report is programmed for completion in December 2004. The project is on track to complete the expanded scope. The cost for 2003/04 was \$71,233.

Regular meetings with the Lower Wairarapa Valley Development Scheme Review Committee were completed throughout the year. The total cost was \$470,900, and included \$70,000 of additional approved expenditure for the laser scanning of the floodways and lower section of the Scheme.

Other studies completed were:

- Assessment of land management issues

Flood Protection Targets



Planning for & delivering flood protection (continued)

Planned Targets

SHORT TERM (continued)

Complete construction of edge protection improvements at Belmont, Hutt River, in accordance with accepted engineering standards and to the satisfaction of the Landcare Committee, within a budget of \$748,000.

Complete maintenance operations in the western part of the region in accordance with established standards, statutory requirements and the Western Rivers Asset Management Plan, all within a budget of \$2,064,000.

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 \$1,262,000.

Actual

- Further investigations on the Tauherenikau River

Work underway includes a MIKE 21 river hydraulic model, and rating classification assessments.

The Belmont edge protection works were completed according to the design plan including construction of the walkway and environmental planting at a cost of \$668,446. Following consultation with the community over the proposed District Plan change we intend to undertake some additional minor works in the next financial year.

Maintenance operations were affected by the February floods and rock shortages. Work programmes were revised to include flood damage repairs following the floods and these programmes were materially completed by 30 June 2004 at a cost of \$2,266,307. Those jobs that could not be completed by the end of the year will be built into the 2004/05 work programme.

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

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 \$1,980,300. Work completed included \$850,500 of approved flood damage repair for the schemes following the February floods. An additional \$229,300 of new flood protection measures were constructed for the Waiohine, Waipoua, and the Upper Ruamahanga Te Ore Ore River Schemes.



Flood Protection Targets

Planning for & delivering flood protection (continued)

Planned Targets

LONG TERM

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

SHORT TERM By 30 June 2004

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 \$121,000.

Establish a walkway past the Winstone Aggregates plant on the north bank of the Otaki River to appropriate engineering and safety standards within a budget of \$25,000.

Actual

All of the capital works programmes that are carried out on the rivers within Greater Wellington's management have an environmental enhancement element, be it restoration planting to creating green spaces and walkways for the community to enjoy. The ranger service that is now operating on the Hutt River also contributes to community enjoyment and involvement as we are providing a safer and enhanced environment, along with educating the users on how they can play a part in improving the river.

The Hutt River ranger service continued after its launch in October 2002. This service was provided on a rolling five day a week basis at a cost of \$86,359.

The first phase of the Winstone walkway construction was completed at a cost of \$16,724. However the walkway, delayed by the February 2004 floods, requires some finishing works before it can be opened. These works will be completed by October 2004.

Flood Protection Funding Impact Statement



	Council 2004 Actual \$000's	Council 2004 Budget \$000's
General Rate	6,641	6,641
Targeted Rates	3,819	3,819
Government Subsidies	0	0
Interest & Dividends	170	200
Fees, Charges & Other Revenue	1,003	819
Operating Revenue	11,633	11,479
Direct Operating Expenditure	7,428	6,394
Interest	1,858	1,919
Depreciation/Loss (Gain) on Disposal	719	779
Operating Expenditure	10,005	9,092
Operating Surplus (Deficit)	1,628	2,387
Less:		
Capital Expenditure	2,281	2,521
Proceeds from Asset Sales	(140)	(44)
Loan Funding	(1,747)	(2,384)
Rates Funded Capital Expenditure	394	93
Debt Repayment	2,020	2,025
Investment Additions	252	252
Reserve Movements	(243)	796
Working Capital Movements	0	0
Non Cash Items	(719)	(779)
Net Funding Surplus (Deficit)	(76)	0

Operating Revenue

Planning for Flood Protection	1,715	1,724
Delivering Flood Protection	9,918	9,755
Total Operating Revenue	11,633	11,479

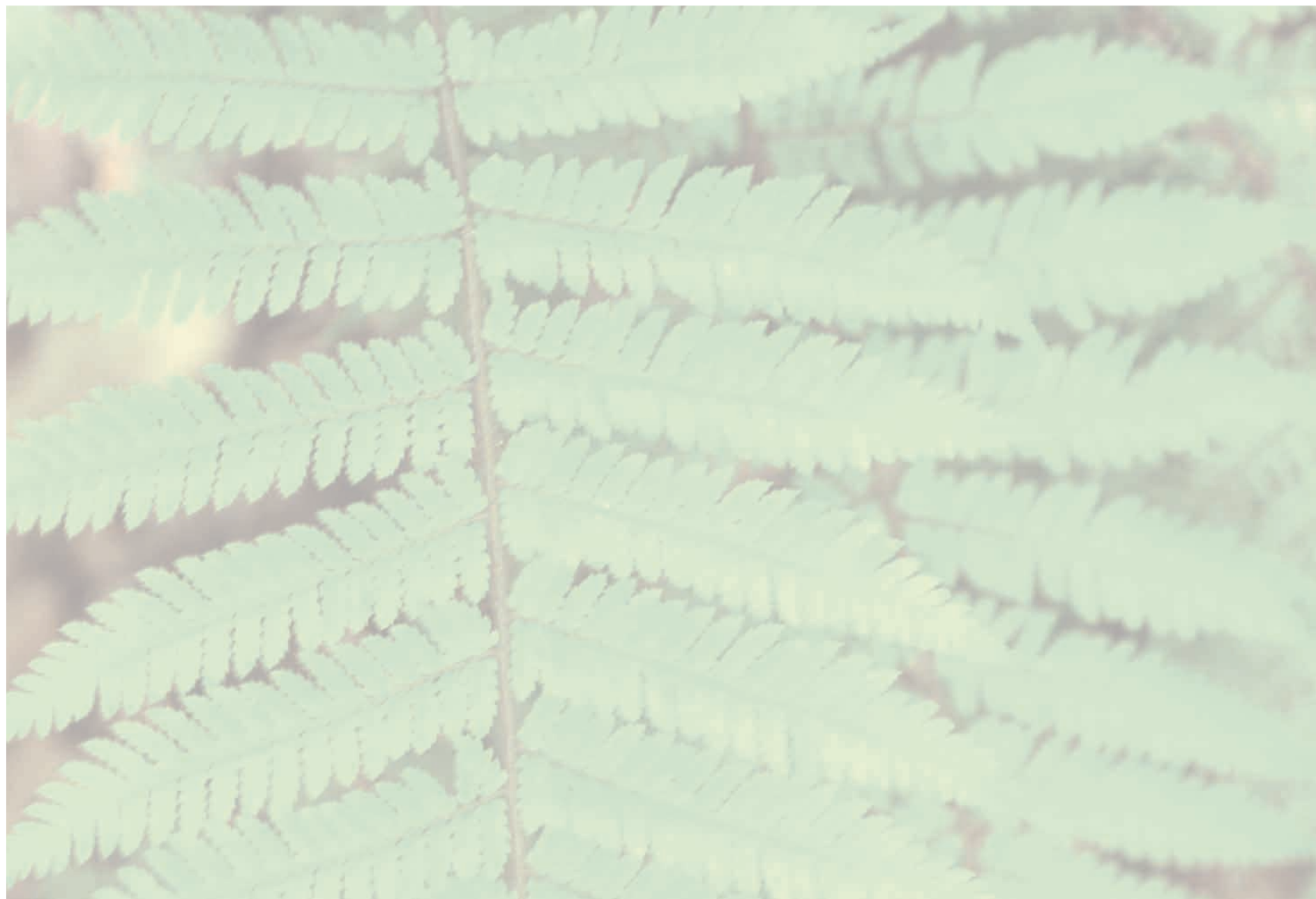
Operating Expenditure

Planning for Flood Protection	1,623	1,528
Delivering Flood Protection	8,382	7,564
Total Operating Expenditure	10,005	9,092

Capital Expenditure

Hutt River Improvements	1,264	1,613
Waikanae River Improvements	146	206
Otaki River Improvements	99	137
Wairarapa Scheme Improvements	243	100
Mabey Road Subdivision	52	0
Other	72	55
Major Project Expenditure	1,876	2,111

Land & Buildings	187	273
Plant & Equipment	0	30
Vehicles	218	107
Total Capital Expenditure	2,281	2,521





The major effects of the Parks and Forests activities are on social and environmental well-being. Social wellbeing is enhanced through providing both informal (eg walking in the park) and formal (eg contributing 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.

The 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 assist in providing economic well-being through encouraging use of Council lands for appropriate activities (eg concessions, filming, ecotourism) in ways that do not conflict with the Council's environmental, heritage and recreational activities.

PROGRESS ON OUR CONTRIBUTIONS

Biodiversity **Showcase good ecosystem management**

Pest and weed control programmes are gradually improving the quality of parks and forests ecosystems. In addition, restoration projects are protecting scarce habitats.

Water **Protecting water catchments**

Plant and animal pests that potentially threaten the supply of high quality water are monitored and controlled.

Energy **Investigate renewable energy on Council lands**

Three sites on Council lands were investigated for their renewable energy potential. All three show some promise.

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

50% of survey respondents reported that they had visited a regional park in 2003/04. Visitor satisfaction surveys show that visitors enjoy using the parks.

Community **Supporting environmental community groups**

Nine environmental enhancement projects were undertaken during the year with community care groups.



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 2004

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 \$714,000.

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

Actual

Good progress is being made on pest and weed control within the regional parks and forests network. The Parks and Forests Environmental Asset Management Plan provides the foundation for the prioritisation of the work to be performed, and all work programmes are in compliance with this plan.

Environmental assets were monitored, protected and enhanced in accordance with planned service levels and recognised standards at a cost of \$630,377. Two minor jobs, a possum control operation in East Harbour Regional Park and another in Belmont Regional Park were not completed within the financial year because of external factors. These will now be completed in 2004/05.

Compliance with the standards in the Asset Management Plan was reported to the August 2004 Landcare Committee meeting.

Parks and Forests Targets



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Use of Council 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 2004

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 Regional Parks and Forests Asset management Plan service levels.

Compliance with the standards in the Asset Management Plan service levels will be reported to the Landcare Committee following the end of the financial year, within a budget of \$1,174,000.

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 \$286,000.

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 Parks and Forests Asset Management Plan provides the basis for the monitoring and the maintenance standards and service levels.

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 at regular intervals 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 both 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 \$1,105,677.

The Asset Management Plan service level compliance was reported to the Landcare Committee on 3 August 2004.

The annual work programme was undertaken at a cost of \$247,291. All jobs were undertaken in accordance with appropriate architectural and engineering standards, and with the Regional Parks and Forest Asset Management Plan service levels.



Parks and Forests Targets

Use of Council lands (continued)

Planned Targets

SHORT TERM (continued)

The Council will investigate the possibility of assisting renewable energy production (e.g. solar, wind, hydro) on its own lands within a budget of \$331,000.

The Council will investigate the possibility of a regional trail around the Wellington south coast within a budget of \$20,000.

Actual

The projects undertaken include:

- Construction of two new toilet blocks in Queen Elizabeth Park. Both blocks were materially completed although not open to the public by 30 June at a cost of \$205,000.
- Resealing some sections of road in Kaitoke Regional Park at a cost of \$16,000.

The planned works for East Harbour Regional Park were mostly deferred to 2004/05 until the transfer of management control of some land within the park from Hutt City Council and the Crown is completed. Only those works that were needed for safety reasons were completed in 2003/04 at a cost of \$16,000.

The capital works programme was reported to the Landcare Committee on 3 August 2004.

Three sites on Council land were investigated for their viability of producing wind energy. A watching brief has also been kept on trends in both solar and hydro energy.

The cost for the year was \$324,141.

This project was delayed until the 2004/05 financial year at the request of the affected landowners and to coincide with work also being undertaken by Wellington City Council. This collaborative approach will provide a fuller investigation, and ensure the two organisations are working in tandem to achieve the best outcome.

Parks and Forests Targets



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Use of Council 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 Council 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 \$713,000.

Actual

A ranger service was provided in all of the Regional Parks and Forests during the year, including the commencement of a new five days a week service at East Harbour in October 2003.

The cost of this service was \$712,397.

A report on the Ranger services delivered in the 2003/04 financial year was given to the Landcare Committee at its meeting on 3 August 2004.



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 2004

The annual environmental education and environmental enhancement projects as agreed with the Divisional Manager, Landcare, will be completed, and reported to the Landcare Committee following the end of the financial year, within a budget of \$287,000.

Actual

We actively encouraged community participation in the region's parks, forests and water collection areas. 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.

All of the environmental enhancement projects and the environmental education projects as agreed with the Divisional Manager, Landcare were substantially completed during the year at a cost of \$187,052 and reported to the Landcare Committee on 3 August 2004.

The environmental education projects were downsized in agreement with the Divisional Manager, Landcare as the new infrastructure requirements to assist the programme has reduced. The projects that were undertaken included a new track and lookout around a pond in Belmont Regional Park and the development of a new track in Battle Hill Farm Forest Park. Both of these new tracks will be used by education groups.

All nine of the planned environmental enhancement projects were carried out during the year.

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 area's carrying capacity.

SHORT TERM By 30 June 2004

The marketing plan for the Regional Parks and Forests will be implemented to the satisfaction of the Divisional Manager, Landcare, within a budget of \$137,000.

Actual

We continued 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 while the natural beauty and ecosystems are protected.

The 2003/04 plan was implemented to the satisfaction of the Divisional Manager, Landcare at a cost of \$244,714.

The work programme was expanded to include some activities that were not budgeted for in the original performance indicator. We provided extra funding for volunteer groups and additional advertising and events although some of this was offset by additional revenue.



Parks and Forests Funding Impact Statement

	Council 2004 Actual \$000's	Council 2004 Budget \$000's
General Rate	5,136	5,136
Targeted Rates	0	0
Government Subsidies	0	0
Interest & Dividends	46	46
Fees, Charges & Other Revenue	866	841
Operating Revenue	6,048	6,023
Direct Operating Expenditure	5,382	5,458
Interest	130	142
Depreciation/Loss (Gain) on Disposal	569	259
Operating Expenditure	6,081	5,859
Operating Surplus (Deficit)	(33)	164
Less:		
Capital Expenditure	606	599
Proceeds from Asset Sales	(66)	(28)
Loan Funding	(231)	(316)
Rates Funded Capital Expenditure	309	255
Debt Repayment	138	142
Investment Additions	0	0
Reserve Movements	112	26
Working Capital Movements	0	0
Non Cash Items	(569)	(259)
Net Funding Surplus (Deficit)	(23)	0

Operating Revenue

	Council 2004 Actual \$000's	Council 2004 Budget \$000's
Managing Regional Parks, Natural Forests, Recreation Areas & Trails	6,048	6,023
Total Operating Revenue	6,048	6,023

Operating Expenditure

	Council 2004 Actual \$000's	Council 2004 Budget \$000's
Managing Regional Parks, Natural Forests, Recreation Areas & Trails	6,081	5,859
Total Operating Expenditure	6,081	5,859

Capital Expenditure

	Council 2004 Actual \$000's	Council 2004 Budget \$000's
Queen Elizabeth Park Enhancements	208	130
Pakuratahi Bridge Replacements	8	0
Kaitoke Roding & Toilets	16	16
East Harbour Enhancements	18	178
Belmont Enhancements	29	0
Environment Education Programme Infrastructure	20	0
Major Project Expenditure	299	324
Land & Buildings	44	40
Plant & Equipment	72	26
Vehicles	191	209
Total Capital Expenditure	606	599



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

Local government has currently 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 Māori constituencies.

This area covers the political costs of the Greater Wellington Regional Council, 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 persons 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 special orders, Council rates, elections and the like.
- The Council's share of local body election costs including triennial constituency and membership reviews plus induction of councillors following elections.
- Subscription costs for the Council 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 Funding Impact Statement

	Council 2004 Actual \$000's	Council 2004 Budget \$000's
General Rate	2,200	2,200
Targeted Rates	0	0
Government Subsidies	0	0
Interest & Dividends	9	9
Fees, Charges & Other Revenue	1,470	1,469
Operating Revenue	3,679	3,678
Direct Operating Expenditure	3,477	3,584
Interest	0	0
Depreciation/Loss (Gain) on Disposal	14	15
Operating Expenditure	3,491	3,599
Operating Surplus (Deficit)	188	79
Less:		
Capital Expenditure	0	5
Proceeds from Asset Sales	0	0
Loan Funding	0	0
Rates Funded Capital Expenditure	0	5
Debt Repayment	0	0
Investment Additions	0	0
Reserve Movements	89	89
Working Capital Movements	0	0
Non Cash Items	(14)	(15)
Net Funding Surplus (Deficit)	113	0

Operating Expenditure

Direct Members' Costs	1,200	1,255
Council Secretariat	577	577
Divisional Management Support	250	250
Regional Economic Development	50	50
Other Costs	1,414	1,467
Election Costs	0	0

Total Operating Expenditure

3,491	3,599
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Capital Expenditure

Land & Buildings	0	0
Plant & Equipment	0	5
Vehicles	0	0

Total Capital Expenditure

0	5
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Investment Overview

Greater Wellington has a significant portfolio of investments comprising:

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

The Council'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, the Council is well aware that its investment returns to the rate line are exposed to the success or otherwise of its two main investments – the WRC Holdings Group (including CentrePort) and its cash deposits. At an appropriate time in the future Greater Wellington believes that it could continue to reduce its risk exposure by reducing its investment holdings, and using the proceeds to repay debt. The timing of these divestments will be in accordance with the Council's objective to optimise the overall return to ratepayers.

It is important to appreciate that the Council's investments (excluding the impact of the Stadium rate) contribute approx 13% to the total level of regional rates.

Cash deposits

The Council 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 Council regularly reviews the rationale for holding these cash deposits taking into account:

- General provisions of the Council's Treasury Management Policy including the Council's attitude to risk and creditworthy counterparties.
- Specific provisions of the Council'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 to the Council.



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. The Council 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 internal dividend contribution to the rate line from forestry is currently \$225,000 per year, and will continue to be reviewed annually.

Of the Council'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, the Council's recently established biosecurity business unit is not currently required to return an internal dividend.

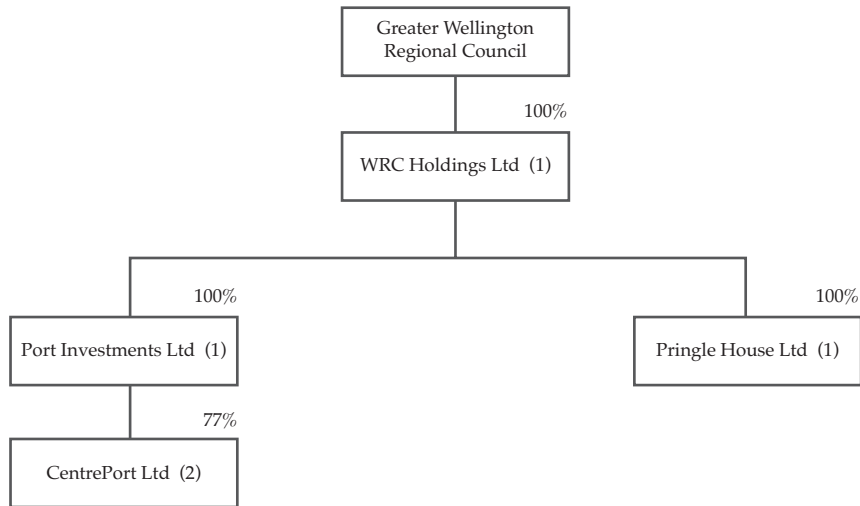
Greater Wellington's treasury management function

Greater Wellington's treasury management activity is carried out centrally to maximise its ability to negotiate with financial institutions. As a result of Council 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

The Council 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 in essence 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 the Council’s investment assets from public good assets.

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

In addition, the Council has minor equity interests in Civic Assurance and Airtel Ltd. These investments are owned directly by the Council 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 2003/04 SOI are to:

- Operate as a successful, sustainable and responsible business.
- Own and operate, via PHL, the Council's headquarters at 142-146 Wakefield Street, Wellington (known as the "Regional Council Centre") on a cost effective basis.
- Own via PIL, the Council's interest in CentrePort Ltd, to maximise the commercial value of CentrePort to the shareholders and to protect the shareholders' investment.
- 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 2003/04 SOI are 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 2003/04 SOI are to:

- Operate in an environmentally responsible manner.
- Minimise the impact of any of the Group's activities on the environment.
- Raise awareness of environmental issues within the Group.

The social objectives of the Group as set out in the 2003/04 SOI are to:

- Provide a safe and healthy workplace.
- Participate in development, cultural and community activities within the Regions in which the Group operates.

WRC Holdings Group met all their objectives as set out in the 2003/04 Statement of Intent and Greater Wellington's 2013 LTCCP.

Nature and scope of activities undertaken by WRC Holdings are consistent with those set out in the 2003/04 Statement of Intent and Greater Wellington's 2013 LTCCP.

Directors

Margaret Shields (Chairperson)

Stuart Macaskill

Terry McDavitt

Rick Long

Anne Blackburn



Financial Performance Targets

	Actual 2004 \$000's	Budget 2004 \$000's
Net Profit (before tax)	\$5.2m	\$7.4m
Net Profit (after tax)	\$31.4m	\$4.8m
Return on Total Assets	6.6%	10.5%
Return on shareholder equity (excluding increase in value of investment property)	5.7%	21.1%
Return on shareholder equity (including increase in value of investment property)	58.7%	21.1%
Dividends	\$0.3m	\$1.0m

Net profit before tax

The reduction in net profit before tax compared to target reflects the lower net profit in CentrePort due to restructuring costs and the challenging operating environment. This in turn flows through to the underlying operating position of the group.

Net profit after tax (before deduction of minority interest)

The large increase in net profit after tax reflects the \$28.1 million increase in the net current value of the group's investment properties. During the year CentrePort re-classified its fixed assets and created new classes for investment properties. These properties have been revalued in accordance with SSAP 17 and the increase in the net current value has been included in the group's net surplus in accordance with our existing policy. Pringle House Ltd's investment property also increased in value.

Return on total assets

This 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 of operating results have been lower for the year and the average asset value is significantly higher due to asset revaluations during the year (investment property \$28.1 million and freehold operational port land \$40.1 million).

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)

As a consequence of the reduced net surplus after tax of CentrePort, dividend payments flowing through the group to the parent shareholder, Greater Wellington Regional Council, have reduced.



Investments WRC Holdings Group

Environmental Performance Targets

Planned Target

CentrePort Ltd to maintain current levels of accreditation to CentrePort Ltd's internationally recognised management system (incorporating environmental standards) CLIMB.

CentrePort Ltd will 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 has complied with all conditions under resource consents and permits held, and to fully adhere to the requirements of environmental law generally.

Actual

Subsequent to its management restructure, CentrePort reviewed the environment management procedures in place and has decided in future to comply with environmental management standard AS/NZS:14000.

During the year CentrePort presented Greater Wellington Regional Council and Wellington City Councils with proposed changes to their respective plans. These changes embrace the principles of the New Zealand Standards NZS 6809:1999 Acoustics – Port Noise Management and Land Use Planning.

There were no breaches by the group of any conditions under which resource consents and permits are held. Progress was also made during the year to improve environmental performance including sealing the log yard area, solving issues related to soda ash, and managing biosecurity risks.



Social Performance Targets

Planned Target

CentrePort Ltd to maintain current levels of accreditation to CentrePort Ltd's internationally recognised management system (incorporating health and safety standards) CLIMB.

CentrePort Ltd to maintain compliance with Lloyds Safe Ship Management for tugs and launches.

CentrePort Ltd to investigate the feasibility of marine cluster opportunities, including a dry dock facility, and that special consideration be given to siting it at Seaview.

To undertake a level of sponsorship appropriate to CentrePort Ltd.

Actual

Following a review of CentrePort's current health and safety regime, changes have been made to policy and procedures. CentrePort has discontinued the health and safety audits carried out by Det Norske Veritas (DNV) that formed part of CLIMB. CentrePort has sought accreditation under ACC's Workplace Safety Management Practices Programme which requires mandatory workplace health and safety audits by ACC accredited auditors.

CentrePort has complied with Lloyds Safe Ship Management for tugs and launches.

CentrePort engaged RDM Associates Ltd to prepare a marine cluster feasibility report. The CentrePort board concluded that "social capital" would be needed to make marine cluster financially viable. In addition, if third party capital was available, CentrePort would still need to investigate if a marine cluster investment was consistent with CentrePort's strategic direction.

CentrePort supported a number of commercial and community organisations during the year.

Commercial sponsorship included support for regional development agencies in Wanganui, Manawatu, Wairarapa, Horowhenua and Kapiti as well as the Wellington and Hutt Valley Chambers of Commerce. Sponsorship was provided for the Wellington Gold Awards, Manawatu Business Awards, Hutt Valley Business Excellence Awards and support was provided for Logistics and Transport NZ, Export New Zealand and the NZ Cold Storage association



Investments

WRC Holdings Group

Social Performance Targets (continued)

Planned Target

To meet regularly with representative community groups of CentrePort Ltd.

Actual

Community sponsorships this year included the Museum of Wellington City and Sea and the NZ International Arts Festival of the Arts, but there were many more. Sponsorship was provide to a range of organisations and events.

Consultation with the community continued through the Environment Consultative Committee and various economic and business development groups.

Investments

WRC Holdings Group



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General Performance Targets

Planned Target

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

Actual

Development of appropriate performance targets in the social and environmental areas has taken a back seat with the change in management in CentrePort. CentrePort's focus in this area has shifted to reviewing core systems, identifying risks and improving the underlying systems.



Investments CentrePort

Objectives of the Group

The primary objectives of the Company shall be:

- To operate as a successful, sustainable and responsible business.
- To undertake efficient commercial port and transport related operations to effectively service the port's customers.

The financial objectives of the Company shall be:

- To provide a commercial return to shareholders.
- To 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.
- To raise awareness of environmental issues within the Company.

The social objectives of the Company shall be:

- To provide a safe and healthy workplace.
- To participate in development, cultural and community activities within the regions in which the Group operates.

Directors

Nigel Gould (Chairperson)

Warren Larsen

Howard Stone

Malcolm Johnson

Mike Cashin (resigned 21 May 2004)

Jim Jefferies

Director appointed subsequent to year end:

Richard Janes



Financial Performance Targets

	Actual 2004	Budget 2004
Net Profit (before tax)	\$7.5m	\$10.1m
Net Profit (after tax)	\$5.2m	\$6.7m
Return on Total Assets ⁽¹⁾	8.7%	11.8%
Return on Shareholders' Funds ⁽²⁾	7.93%	10.2%
Dividend Stream	\$2.9m	\$3.7m

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

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

Note:

To enable comparability, revaluation gains have been excluded from the calculation of return on equity and return on total assets.



Investments Financial Summary

Income Statement

	Council 2004 Actual \$000's	Council 2004 Budget \$000's
Operating Revenue	13,245	10,335
Operating Expenditure	6,981	5,812
Earnings before Interest	6,264	4,523
Interest	(536)	(486)
Operating Surplus (Deficit)	6,800	5,009
Less:		
Contribution to General Rates	8,127	6,884
Targeted Rate (Stadium)	(2,676)	(2,676)
Earnings Retained	1,349	801

Operating Surplus of Individual Investments

Cash Deposits	2,585	2,464
WRC Holdings	2,955	953
Treasury Management	4,221	4,015
Plantation Forests	(169)	229
Reserve Forests	(757)	(692)
Administrative Properties	(90)	(102)
Akura Conservation Centre	61	51
Bioworks	(92)	0
Wairarapa Workshop	5	10
Operating Surplus (excl. Stadium)	8,719	6,928
Regional Stadium	(1,919)	(1,919)
Total Operating Surplus	6,800	5,009

Net Contribution to General Rates From Individual Investments

	Council 2004 Actual \$000's	Council 2004 Budget \$000's
Cash Deposits	2,585	2,464
WRC Holdings	2,040	729
Treasury Management	3,716	3,523
Plantation Forests	0	150
Reserve Forests	0	75
Administrative Properties	(95)	(107)
Akura Conservation Centre	35	35
Bioworks	(169)	0
Wairarapa Workshop	15	15
Total Contribution to General Rates	8,127	6,884

Investments Regional Stadium



Greater Wellington's primary role is as a funder of the project and, in conjunction with the Wellington City Council, it is a joint settlor of the Wellington Regional Stadium Trust. In turn, the Stadium Trust is responsible for the ownership, operation and maintenance of the Stadium as a multi-purpose sporting and cultural venue.

The Council's investment in the Stadium Trust consists of an interest-free advance of \$25 million, made pursuant to the Wellington Regional Council (Stadium Empowering) Act 1996.

It is the view of the Council that Stadium Trust is not a Council Controlled Organisation as defined in the Local Government Act 2002 because the Wellington Regional Council (Stadium Empowering) Act 1996 created its own governance code for the Trust and thereby takes precedence over the Local Government Act 2002.

The Council decided that, in keeping with the spirit of the transparency and accountability principles contained within the Local Government Act, it would borrow the entire \$25 million which would then be on-lent to the Stadium Trust.

The Council also established a separate Stadium Purposes rate to service and repay the \$25 million it has borrowed. This rate is levied on a differential basis reflecting direct and indirect benefits to different parts and classes of ratepayers throughout the region. The Stadium Purposes rate appeared as a separate item on each rates assessment commencing in the 1998/99 financial year.

The Stadium was completed in December 1999 and the first event held in January 2000. The Council receives formal reports from the Stadium Trust each six months to enable the Council to discharge its monitoring role on behalf of the community.

Wellington Regional Stadium Trust – Performance Targets

	Actual 2003/04 \$000's	Target 2003/04 \$000's
Net Surplus	\$0.4m	\$0.2m
Number of Events Held	25	27
External Debt at Year End	\$29.7m	\$29.7m

The performance targets are selected from those provided by the Trustees of the Wellington Regional Stadium Trust in the business plan for 2003/04.