

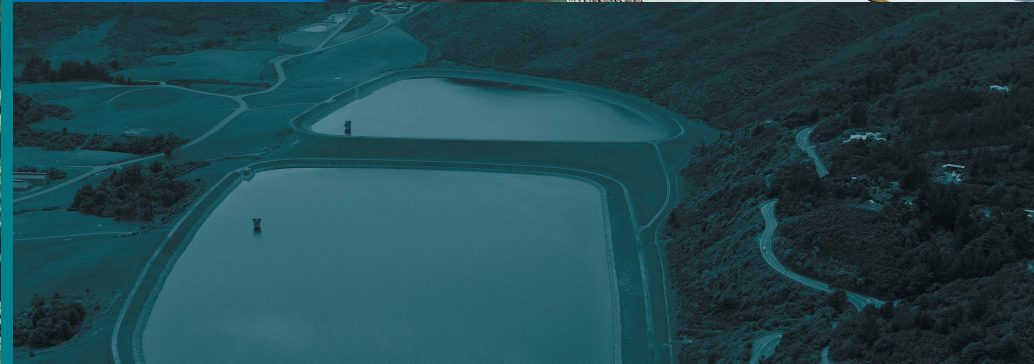
# Annual Report 2004 Progress towards a sustainable region

Greater Wellington Regional Council



greater WELLINGTON  
REGIONAL COUNCIL

Quality for Life





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# Annual Highlights



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

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







## Chairperson's Report

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

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

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

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

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

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



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

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

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

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

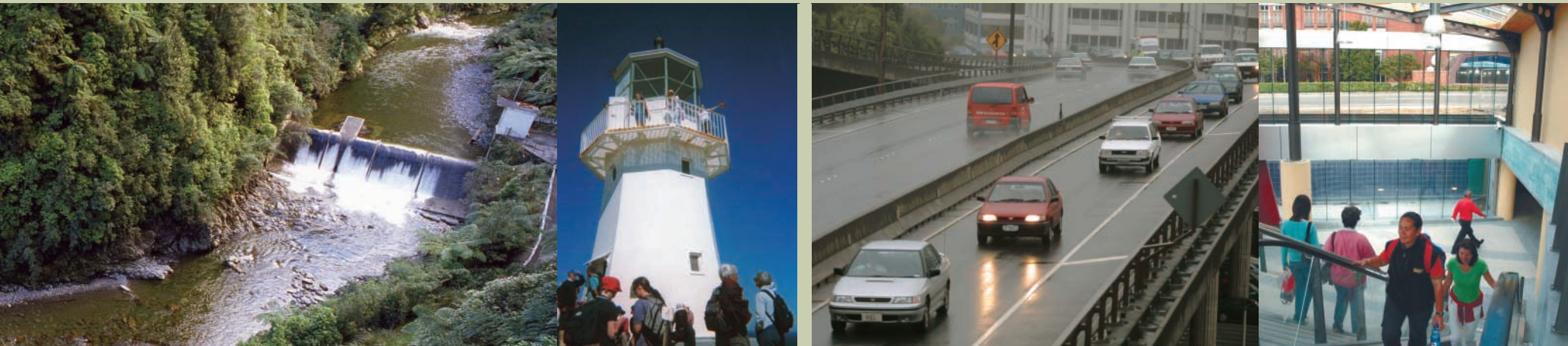
partnerships between Greater Wellington staff and other agencies, individuals and community groups.

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



**Margaret Shields**  
Chairperson

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







## Chief Executive's Report

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

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

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

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

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

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

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





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

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

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

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

**Barry Harris**  
Chief Executive

## Executive Management Team

### Divisional Manager Environment

Jane Bradbury

### Divisional Manager Utility Services

David Benham

### Divisional Manager Wairarapa

Colin Wright

### Council Secretary

Wayne Hastie

### Divisional Manager Regional Transport

Dave Watson

### Divisional Manager Landcare

Rob Forlong

### Chief Financial Officer

Barry Turfrey<sup>1</sup>

### Corporate Policy Manager

John Allard

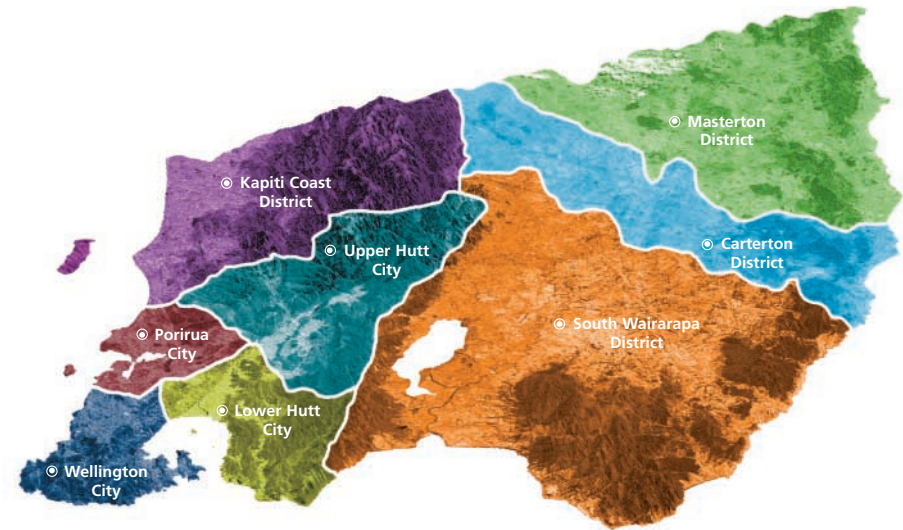
<sup>1</sup> Greg Schollum was CFO until 27 August 2004



## The Wellington Region

### Some Facts about the Region

- The Wellington region covers a land area of 813,005 hectares, and a maritime area of 786,700 hectares. There are 497 kilometres of coastline.
- The population of the Wellington region is 445,400 (Statistics New Zealand, estimated resident population, June 2002).
- Greater Wellington manages 320 kilometres of river channels and 280 kilometres of stopbanks. It is responsible for one of the largest flood protection schemes in New Zealand.
- Around 31 million passenger journeys are made on the region's public transport system each year.
- Greater Wellington collects, treats and delivers about 150 million litres of high quality water per day, on average, for the city councils of metropolitan Wellington.
- Greater Wellington annually manages possum control programmes on approximately 500,000 hectares of land in the region.
- Greater Wellington manages 50,000 hectares of regional parks and forests.

















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

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

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

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

## Take 10 – Quality for Life

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



# Linkages

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

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



**Environment Management**

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



**Land Management**

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



**Regional Transport**

- Air
- Energy
- Transport
- Safety & Hazards



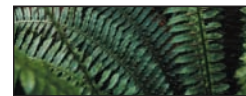
**Flood Protection**

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



**Regional Water Supply**

- Water
- Energy
- Safety & Hazards



**Parks & Forests**

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





## TAKE 10 QUALITY FOR LIFE TARGETS TO 2013



### Biodiversity

50 wetlands on private land legally protected (24 in 2003).

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

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



### Water

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

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

## PROGRESS SUMMARY TO 30 JUNE 2004

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

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

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

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

Combined, this equals 73.4% of the region.

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

Complied with all resource consents held.

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

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



## Outcomes and Targets

### TAKE 10 QUALITY FOR LIFE TARGETS TO 2013

#### Water

(continued)

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

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

#### Air

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

### PROGRESS SUMMARY TO 30 JUNE 2004

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

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

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

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

- Masterton – 13 Exceedences (PM<sub>10</sub>)
- Lower Hutt – 1 Exceedence (PM<sub>10</sub>)
- Upper Hutt – 4 Exceedences (PM<sub>10</sub>)
- Wainuiomata – 5 Exceedences (PM<sub>10</sub>)





## TAKE 10 QUALITY FOR LIFE TARGETS TO 2013



### Energy

Fewer than 400 million litres of petrol and diesel used for transport purposes per annum (442 million litres in 2003).

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

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



### Land

5,000 additional hectares of erosion-prone land under sustainable management practices (56,500 hectares in 2003).

No overall deterioration in the health of our soils.

## PROGRESS SUMMARY TO 30 JUNE 2004

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

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

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

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

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

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

### TAKE 10 QUALITY FOR LIFE TARGETS TO 2013



#### Transport

Less than 45% of work trips into central Wellington made by private car (45% in 2003).

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

Average travel times to key facilities do not increase.



#### Waste

Greater Wellington Regional Council's waste reduced by half.

Reported pollution incidents reduced by half.

### PROGRESS SUMMARY TO 30 JUNE 2004

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

This information will be updated on a 5 yearly basis when new census information becomes available.

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

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

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

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





## TAKE 10 QUALITY FOR LIFE TARGETS TO 2013



### Waste

(continued)

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



### Recreation & Parks

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



### Safety & Hazards

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

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

## PROGRESS SUMMARY TO 30 JUNE 2004

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

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

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

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

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

### TAKE 10 QUALITY FOR LIFE TARGETS TO 2013



#### Safety & Hazards

(continued)

No significant accidents in our harbours and coasts.

Safety concerns do not stop people using public transport.



#### Community

Five new care groups per annum.

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

### PROGRESS SUMMARY TO 30 JUNE 2004

Two significant accidents occurred in 2003/04:

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

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

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

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

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



## Providing opportunities for Māori to contribute to decision making processes.

### Introduction

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

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

### Ara Tahi

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

### Resource consents

Māori hearing commissioners were used on all resource consent hearings. This provided Iwi with a direct involvement in decision making. Iwi are also contracted to provide comment on all non-notified consents in their rohe.

### Technical workshops

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

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

### Iwi projects

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

### Māori policy advisors

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

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

### Building internal capacity

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



## Operating Results

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

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

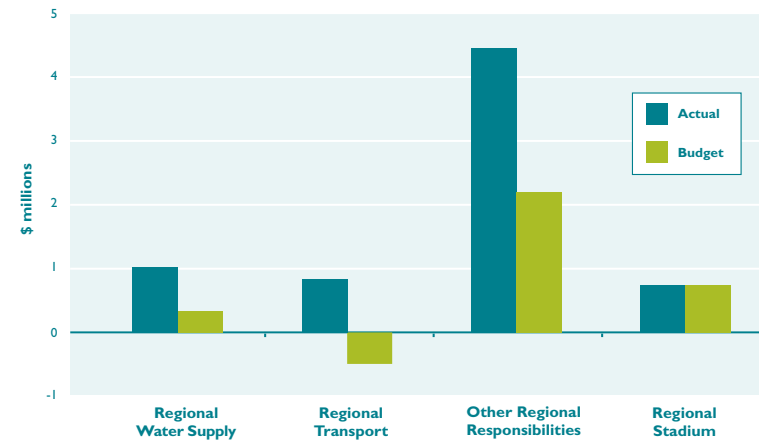
## Capital Expenditure

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

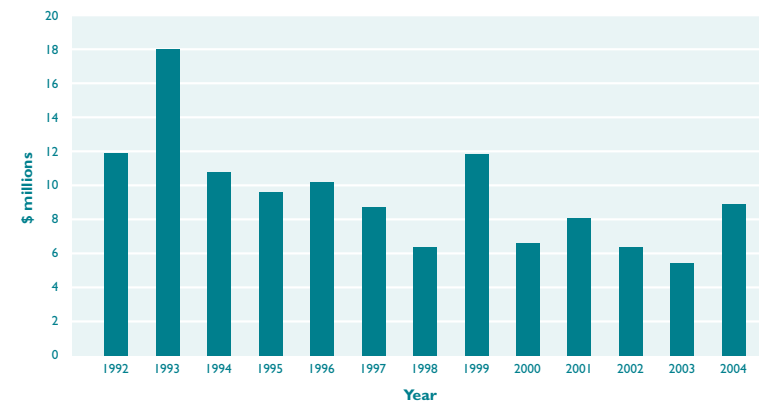
Notable projects advanced or completed during 2003/04 included:

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

2004 Operating Surplus/Deficit by Funding Type



Net Capital Expenditure





## Funding

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

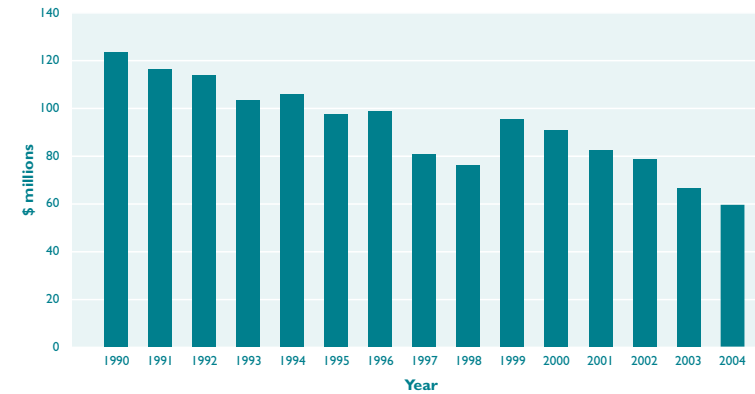
The Council’s funding surplus from operations was above budget by \$4.1 million and working capital movement of \$1.8 million has primarily been applied to increased debt repayment of \$5.3 million.

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

## Debt

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

## Debt

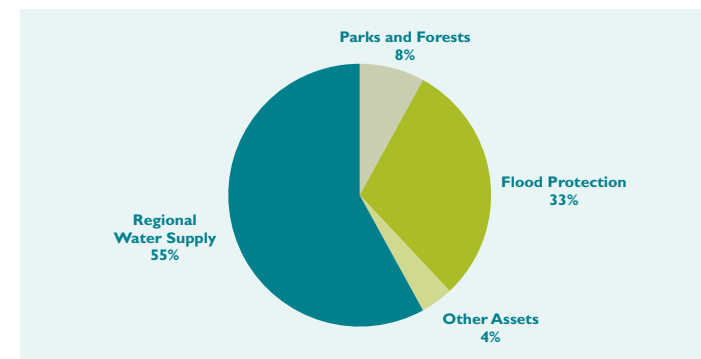


## Asset Management

Asset management plans remain an important building block in Council's financial management framework. The majority of the Council's asset base consists of Regional Water Supply, Parks and Forests and Flood Protection assets. These important community assets are required to be maintained and, where possible enhanced, to enable the Council to continue to provide the agreed service levels to the community.

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

## Fixed Assets







# Financial Statements for the year ended 30 June 2004

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## Statement of Financial Performance for the year ended 30 June 2004

	Notes	Group 2004 Actual \$000's	Group 2003 Actual \$000's	Council 2004 Actual \$000's	Council 2004 Budget \$000's	Council 2003 Actual \$000's
<b>Operating Revenue</b>						
Rates & Levies		77,269	75,569	77,269	77,142	75,569
Grants & Subsidies		27,027	23,624	27,027	27,342	23,624
Investment Revenue		3,893	3,507	4,031	4,399	4,437
Other External Revenue		54,566	54,029	15,673	15,649	13,622
<b>Total External Operating Revenue</b>	<b>1</b>	<b>162,755</b>	<b>156,729</b>	<b>124,000</b>	<b>124,532</b>	<b>117,252</b>
<b>Operating Expenditure</b>						
Personnel		22,845	21,584	22,845	23,887	21,584
Grants & Subsidies		42,804	39,909	42,804	45,190	39,909
Interest		9,522	10,264	5,491	5,775	6,055
Depreciation	<b>2</b>	12,850	12,589	8,448	8,516	8,163
Other External Operating Expenditure		63,144	58,334	37,241	38,354	32,767
<b>Total External Operating Expenditure</b>	<b>2</b>	<b>151,165</b>	<b>142,680</b>	<b>116,829</b>	<b>121,722</b>	<b>108,478</b>
<b>Operating Surplus before Taxation</b>		<b>11,590</b>	<b>14,049</b>	<b>7,171</b>	<b>2,810</b>	<b>8,774</b>
Taxation Expense	<b>10</b>	1,420	1,666	0	0	0
<b>Operating Surplus for the Year</b>		<b>10,170</b>	<b>12,383</b>	<b>7,171</b>	<b>2,810</b>	<b>8,774</b>
Plus Unrealised increase in the value of Investment Properties	<b>6</b>	27,044	0	0	0	0
Plus Asset Acquisitions due to Revaluation		0	14,916	0	0	14,916
Less Net Surplus Attributable to Minority Interest	<b>14</b>	7,441	1,447	0	0	0
<b>Net Surplus Attributable to Parent Interest</b>		<b>29,773</b>	<b>25,852</b>	<b>7,171</b>	<b>2,810</b>	<b>23,690</b>

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

## Statement of Financial Performance by Groups of Activities for the year ended 30 June 2004



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	Council 2004 Actual \$000's	Council 2004 Budget \$000's		Council 2004 Actual \$000's	Council 2004 Budget \$000's
<b>Operating Revenue</b>			<b>Operating Expenditure</b>		
Environment Management	11,956	11,602	Environment Management	11,931	11,885
Regional Transport	52,872	53,825	Regional Transport	52,013	54,333
Regional Water Supply	23,844	24,092	Regional Water Supply	22,811	23,757
Land Management	9,532	10,964	Land Management	9,201	10,999
Flood Protection	11,633	11,479	Flood Protection	10,005	9,092
Parks & Forests	6,048	6,023	Parks & Forests	6,081	5,859
Investment in Democracy	3,679	3,678	Investment in Democracy	3,491	3,599
Council Investments	9,037	6,127	Council Investments	6,445	5,326
Other	3,360	2,570	Other	2,812	2,700
<b>Total Operating Revenue</b>	<b>131,961</b>	<b>130,360</b>	<b>Total Operating Expenditure</b>	<b>124,790</b>	<b>127,550</b>
Less: Internal Operating Revenue	7,961	5,828	Less: Internal Operating Expenditure	7,961	5,828
<b>Total External Operating Revenue</b>	<b>124,000</b>	<b>124,532</b>	Total External Operating Expenditure	116,829	121,722
			<b>Operating Surplus (Deficit)</b>	<b>7,171</b>	<b>2,810</b>
			<b>Less:</b>		
			Capital Expenditure	9,167	10,475
			Proceeds from Assets Sales	(310)	(270)
			Loan Funding of Capital Expenditure	(5,885)	(7,881)
			<b>Rates &amp; Levy Funded Capital Expenditure</b>	<b>2,972</b>	<b>2,324</b>
			Other Loan Funding	(2,855)	(2,631)
			Debt Repayment	15,486	10,230
			Investment Movements	2,717	2,666
			Reserve Movements	(581)	(1,263)
			Working Capital Movements	(1,859)	0
			Non Cash Items	(8,709)	(8,516)
			<b>Net Funding Surplus (Deficit)</b>	<b>0</b>	<b>0</b>

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





## Statement of Movements in Ratepayers' Funds for the year ended 30 June 2004

	Notes	Group 2004 Actual \$000's	Group 2003 Actual \$000's	Council 2004 Actual \$000's	Council 2004 Budget \$000's	Council 2003 Actual \$000's
<b>Parent Interest</b>						
Ratepayers' Funds at the Start of the Year		490,310	450,966	483,221	453,258	446,039
Net Surplus for the Year		29,773	25,852	7,171	2,810	23,690
Increase (Decrease) in Asset Revaluation Reserves	13	82,534	13,492	51,726	0	13,492
<b>Total Recognised Revenues &amp; Expenses for the Year</b>		<b>112,307</b>	<b>39,344</b>	<b>58,897</b>	<b>2,810</b>	<b>37,182</b>
Ratepayers' Funds at the End of the Year		602,617	490,310	542,118	456,068	483,221
<b>Minority Interest</b>						
Ratepayers' Funds at the Start of the Year	14	14,866	14,217	0	0	0
Net Surplus for the Year		7,441	1,447	0	0	0
Increase (Decrease) in Asset Revaluation Reserves		9,242	0	0	0	0
<b>Total Recognised Revenues &amp; Expenses for the Year</b>		<b>16,683</b>	<b>1447</b>	<b>0</b>	<b>0</b>	<b>0</b>
Distribution to Owners		(660)	(798)	0	0	0
Minority Interest in Total Ratepayers' Funds at the End of the Year		30,889	14,866	0	0	0
<b>Total Ratepayers' Funds at the End of the Year</b>		<b>633,506</b>	<b>505,176</b>	<b>542,118</b>	<b>456,068</b>	<b>483,221</b>

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

# Statement of Financial Position as at 30 June 2004



	Notes	Group 2004 Actual \$000's	Group 2003 Actual \$000's	Council 2004 Actual \$000's	Council 2004 Budget \$000's	Council 2003 Actual \$000's
<b>Ratepayers' Funds</b>						
Retained Earnings	12	252,637	222,185	222,946	204,235	215,096
Reserves	13	349,980	268,125	319,172	251,833	268,125
		602,617	490,310	542,118	456,068	483,221
Minority Interests	14	30,889	14,866	0	0	0
<b>Total Ratepayers' Funds</b>		<b>633,506</b>	<b>505,176</b>	<b>542,118</b>	<b>456,068</b>	<b>483,221</b>
<b>Assets</b>						
Current Assets	3	74,245	69,084	67,928	71,477	64,624
Non-Current Assets	5	722,200	602,822	561,512	478,247	510,965
<b>Total Assets</b>		<b>796,445</b>	<b>671,906</b>	<b>629,440</b>	<b>549,724</b>	<b>575,589</b>
<b>Liabilities</b>						
Current Liabilities	8	36,675	55,328	29,265	26,366	25,127
Non-Current Liabilities	9	126,264	111,402	58,057	67,290	67,241
<b>Total Liabilities</b>		<b>162,939</b>	<b>166,730</b>	<b>87,322</b>	<b>93,656</b>	<b>92,368</b>
<b>Net Assets</b>		<b>633,506</b>	<b>505,176</b>	<b>542,118</b>	<b>456,068</b>	<b>483,221</b>

**Margaret Shields**  
Chairperson  
7 October 2004

**Barry Harris**  
Chief Executive  
7 October 2004

**Barry Turfrey**  
Chief Financial Officer  
7 October 2004

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



## Statement of Cash Flows for the year ended 30 June 2004

	Notes	Group 2004 Actual \$000's	Group 2003 Actual \$000's	Council 2004 Actual \$000's	Council 2004 Budget \$000's	Council 2003 Actual \$000's
<b>Cash Flows from Operating Activities</b>						
<b>Cash provided from:</b>						
Customers		38,468	40,508	0	0	0
Rates		50,605	51,938	50,605	54,366	51,938
Water Supply Levy		22,776	22,776	22,776	22,776	22,776
Government Subsidies		27,027	23,624	27,027	27,342	23,624
Interest		3,512	3,318	3,204	3,363	3,169
Dividends		250	126	789	1,036	1,801
Fees, Charges & Other Revenue		14,023	14,348	16,316	15,649	14,705
		156,661	156,638	120,717	124,532	118,013
<b>Cash disbursed to:</b>						
Payment to Suppliers & Employees		126,918	117,139	101,804	107,431	92,184
Interest		9,195	10,283	5,117	5,322	5,853
Income Tax Paid (Refund)		(348)	1,540	0	0	0
		135,765	128,962	106,921	112,753	98,037
<b>Net Cash Flows from Operating Activities</b>	<b>21</b>	<b>20,896</b>	<b>27,676</b>	<b>13,796</b>	<b>11,779</b>	<b>19,976</b>
<b>Cash Flows from Investing Activities</b>						
<b>Cash provided from:</b>						
Sale of Property, Plant & Equipment		762	292	308	270	286
Repayment of Advance from Associate Company		0	150	0	0	0
Sinking Funds		145	931	145	125	931
Disposal of Other Investments		200	754	0	0	0
		1,107	2,127	453	395	1,217

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

# Statement of Cash Flows

## for the year ended 30 June 2004



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	Notes	Group 2004 Actual \$000's	Group 2003 Actual \$000's	Council 2004 Actual \$000's	Council 2004 Budget \$000's	Council 2003 Actual \$000's
<b>Cash disbursed for:</b>						
Purchase of Property, Plant & Equipment		17,578	12,406	8,963	10,475	5,762
Plantation Forestry Development		337	479	337	389	479
Sinking Funds		51	53	51	492	53
Investment in Associate Company Shares		0	820	0	0	0
Council Contingency Investments		1,971	1,070	1,971	1,910	1,070
		19,937	14,828	11,322	13,266	7,364
<b>Net Cash Flows from Investing Activities</b>		<b>(18,830)</b>	<b>(12,701)</b>	<b>(10,869)</b>	<b>(12,871)</b>	<b>(6,147)</b>
<b>Cash Flows from Financing Activities</b>						
<b>Cash provided from:</b>						
Loan Funding		8,848	5,937	8,302	10,059	5,937
		8,848	5,937	8,302	10,059	5,937
<b>Cash disbursed for:</b>						
Debt Repayment		14,905	21,244	14,905	8,967	18,944
Repayment of Intercompany Current Account		0	0	333	0	2,448
Dividends Paid to Minority Interests		785	475	0	0	0
		15,690	21,719	15,238	8,967	21,392
<b>Net Cash Flows from Financing Activities</b>		<b>(6,842)</b>	<b>(15,782)</b>	<b>(6,936)</b>	<b>1,092</b>	<b>(15,455)</b>
<b>Net Increase in Cash Held</b>		<b>(4,776)</b>	<b>(807)</b>	<b>(4,009)</b>	<b>0</b>	<b>(1,626)</b>
Opening Cash & Call Deposits		7,106	7,913	6,878	4,905	8,504
<b>Closing Cash &amp; Call Deposits</b>	3	<b>2,330</b>	<b>7,106</b>	<b>2,869</b>	<b>4,905</b>	<b>6,878</b>

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





## Statement of Accounting Policies

### 1. Reporting Entity

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

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

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

### 2. Measurement Base

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

### 3. Accounting Policies

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

#### 3.1 Basis of Consolidation

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

#### 3.2 Revenue Recognition

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

#### 3.3 Investments

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

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

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

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

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

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

## Statement of Accounting Policies



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

### Valuation

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

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

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

### Regional Water Supply

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

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

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

### Flood Protection

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

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

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

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

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

### Parks & Forests

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



## Statement of Accounting Policies

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

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

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

### *Greater Wellington Regional Council Group*

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

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

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

All fixed assets, except land are depreciated.

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

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

### Depreciation

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

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

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

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

### 3.5 Inventories

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

## Statement of Accounting Policies



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

### 3.6 Taxation

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

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

### 3.7 Accounts Receivable

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

### 3.8 Leases

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

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

### 3.9 Employee Entitlements

A provision for employee entitlements is recognised as a liability in respect of benefits earned by employees by not yet received at balance date. Employee benefits include salaries, annual leave and long service leave.

Where the benefits are expected to be paid for within twelve months of balance date, the provision is the estimated amount expected to be paid by the Council. The provision for other employee benefits is stated at the present value of the future cash outflows expected to be incurred.

### 3.10 Financial Instruments

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

### 3.11 Foreign Currency

Foreign currency transactions are converted at the New Zealand dollar exchange rate at the date of the transaction. The Council does not have material transactions or hold any monetary assets or liabilities in foreign currencies.

### 3.12 Goods and Services Tax

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

### 3.13 Overhead Allocation and Internal Transactions

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





## Statement of Accounting Policies

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

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

### 3.14 Statement of Cashflows

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

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

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

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

### 3.15 Rounding of Amounts

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

### 3.16 Comparatives

In most cases comparison is made with the 2003/04 budget as set out in the 2003/04 Annual Plan. In other cases the comparatives are the 2002/03 actual figures. Where necessary, comparatives have been changed to assist comparability.

## 4. Changes in Accounting Policies

On 30 June 2004, CentrePort re-classified some of its fixed assets as investment properties. As a result of this the group has changed the classification of some properties from fixed assets to investment properties. The 2003 comparatives have been adjusted accordingly.

In respect to:

### (a) CentrePort’s Operational Port Freehold Land

The group changed its policy of accounting from recording these assets at cost to recording them at valuation in accordance with FRS 3.

The implementation of the new accounting policy has had the impact of increasing equity and fixed assets in the group statement of financial position in the current year by \$40,050,000.

### (b) Investment Properties

The reclassification of these properties has changed the group's accounting from recording these assets at cost to recording them at valuation in accordance with SSAP 17 and the groups existing policy on investment properties. The implementation of the new accounting policy has had the impact of increasing the group’s net surplus recorded in the statement of financial performance and fixed assets in the statement of financial position in the current year by \$27,044,000.

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

## Notes to the Financial Statements for the year ended 30 June 2004



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### Note 1

#### Revenue

	Group 2004 Actual \$000's	Group 2003 Actual \$000's	Council 2004 Actual \$000's	Council 2004 Budget \$000's	Council 2003 Actual \$000's
General Rates	21,106	21,005	21,106	21,107	21,005
Transport Rates	26,366	25,324	26,366	26,366	25,324
River Rates	2,782	2,592	2,782	2,782	2,592
Regional Water Supply Levy	22,776	22,776	22,776	22,776	22,776
Bovine Tuberculosis Rates	131	133	131	131	133
Stadium Purposes Rate	2,676	2,676	2,676	2,676	2,676
Wairarapa Scheme Rates	1,080	1,063	1,080	1,079	1,063
Rate Penalties	371	0	371	225	0
Remissions of Rate Penalties	(19)	0	(19)	0	0
Government Grants & Subsidies	27,027	23,624	27,027	27,342	23,624
Dividends	0	1	323	1,036	789
Equity Accounted Earnings from Associates	334	131	0	0	0
Subvention Revenue	1,859	0	2,329	202	422
Sinking Fund Interest	504	476	504	493	476
Other Interest	3,525	3,321	3,204	2,870	3,172
Other Subsidiaries Revenue	39,570	40,967	0	0	0
Other Revenue	12,667	12,640	13,344	15,447	13,200
<b>Total Operating Revenue</b>	<b>162,755</b>	<b>156,729</b>	<b>124,000</b>	<b>124,532</b>	<b>117,252</b>

The Government has allocated \$99,391 to Greater Wellington Regional Council to be used to remit rates on commercial properties in the Region affected by the February 2004 storms.

Greater Wellington had received \$39,757 at year end and will remit rates on the affected properties in the 2004/05 financial year.



## Notes to the Financial Statements for the year ended 30 June 2004

### Note 2

#### Total Operating Expenditure Includes

	Group 2004 Actual \$000's	Group 2003 Actual \$000's	Council 2004 Actual \$000's	Council 2004 Budget \$000's	Council 2003 Actual \$000's
Assets Written Off (Written Back)	394	(412)	485	0	133
Bad Debts Written Off	26	44	14	0	0
Directors Fees	235	188	0	0	0
Fees Paid to Principal Auditors for Audit of Financial Statements	124	105	114	93	95
Fees Paid to Other Auditors for Audit of Financial Statements	52	52	0	0	0
Fees Paid to Principal Auditors for Other Services	8	24	8	20	24
Fees Paid to Other Auditors for Other Services	137	109	0	0	0
Increase (Decrease) in Provision for Doubtful Debts	136	97	91	0	(4)
Loss (Gain) on Sale of Property, Plant & Equipment	284	(23)	467	54	(17)
Operating Lease Rentals	1,008	1,140	1,525	1,560	1,547
LGNZ Subscriptions	65	66	65	65	66
Decrease (Increase) in Value of Investments	0	0	(691)	0	(545)
Insurance	1,459	1,255	1,451	1,532	1,248







## Notes to the Financial Statements for the year ended 30 June 2004

### Note 3

#### Current Assets

	Notes	Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
Bank & Call Deposits		2,330	7,106	2,869	6,878
Receivables	4	19,779	15,450	15,052	11,796
Inventory		2,195	2,097	1,825	1,812
Investments	6	49,102	44,138	47,952	44,138
Property, Plant & Equipment – Property Intended for Sale		230	0	230	0
Taxation Refund Due		609	293	0	0
		<b>74,245</b>	<b>69,084</b>	<b>67,928</b>	<b>64,624</b>

### Note 4

#### Receivables

		Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
Rates Outstanding		7,367	3,479	7,367	3,479
Other Receivables		13,587	13,158	8,067	8,294
Provision for Subvention Receivable		0	0	470	422
Provision for Dividends Receivable		0	0	323	788
Less Provision for Doubtful Debts		(1,175)	(1,187)	(1,175)	(1,187)
	3	<b>19,779</b>	<b>15,450</b>	<b>15,052</b>	<b>11,796</b>

# Notes to the Financial Statements for the year ended 30 June 2004



## Note 5

### Non-Current Assets

Future Tax Benefit  
Investments  
Property, Plant & Equipment

Notes

	Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
	1,117	1,338	0	0
6	99,212	74,528	58,144	58,549
7	621,871	526,956	503,368	452,416
	<b>722,200</b>	<b>602,822</b>	<b>561,512</b>	<b>510,965</b>

## Note 6

### Investments

Bank Deposits  
Sinking Funds  
Water Supply Contingency Investment  
Major Flood Recovery Fund  
Plantation Forests  
New Zealand Local Government Insurance Corporation Limited Shares  
WRC Holdings Limited Shares  
Stadium Advance  
Investment Properties  
Other Investments  
**Total Investments**

	Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
	44,000	44,000	44,000	44,000
	4,295	3,885	4,295	3,885
	6,856	5,138	6,856	5,138
	1,145	892	1,145	892
	16,144	15,807	16,144	15,807
	80	80	80	80
	0	0	8,576	7,885
	25,000	25,000	25,000	25,000
	48,509	21,465	0	0
	2,285	2,399	0	0
	<b>148,314</b>	<b>118,666</b>	<b>106,096</b>	<b>102,687</b>
Investments (Current)	49,102	44,138	47,952	44,138
Investments (Non Current)	99,212	74,528	58,144	58,549
<b>Total Investments</b>	<b>148,314</b>	<b>118,666</b>	<b>106,096</b>	<b>102,687</b>

Investments (Current)  
Investments (Non Current)  
**Total Investments**

3

5



## Notes to the Financial Statements for the year ended 30 June 2004

### Investments (continued)

The \$44m proceeds from the sale of CentrePort Limited shares and convertible notes from the Council to Port Investments Limited have been invested in a bank deposit. As at 30 June 2004 these investments have an interest rate of 6.34% (2003 5.85%) and are due to mature on 15 August 2004.

The Council has money invested on deposit with financial institutions to comply with regulations on the provision of sinking funds. As at 30 June 2004 the sinking funds have a weighted average interest rate of 13.18% (2003 12.99%) and an estimated fair value of \$4.3m (2003 \$3.9m).

As at 30 June 2004 the weighted average interest rate on the water supply contingency investment (after the effect of derivatives) is 6.72% (2003 5.22%) and an estimated fair value of \$6.9m (2003 \$5.1m).

As at 30 June 2004 the weighted average interest rate on the major flood recovery fund is 6.09% (2003 5.17%) and has an estimated fair value of \$1.1m (2003 \$0.9m).

Independent valuations of the plantation forests have been completed by Alan Bell and Associates. The estimated value of plantation forests (excluding land, roads, bridges and fences) as at 30 June 2004 based on a discount rate of 9.0% is \$18m (2003 \$22m).

The Council holds 100% of the shares in WRC Holdings Limited. The book value of these shares of \$8.6m (2003 \$7.9m) reflects the net asset backing of the investment at 30 June 2004.

The Council advanced \$25m to the Wellington Regional Stadium Trust in August 1998. The advance is currently on an interest free basis, with limited rights of recourse recognising the "quasi equity" nature of the advance. At 30 June 2004 the Council expects that the advance, will be fully repaid. The obligations of the Council to fund the Trust are defined under a Funding Deed dated 30 January 1998. Under the terms of this deed, any interest charged on the limited-recourse loan is accrued and added to the loan. It is not repayable until after all other debts of the Trust are extinguished.

If the Trust is a Council Controlled Trading Organisation (CCTO) it will be required to pay interest on its limited-recourse loan at a market rate and it will be a taxpayer. However, because of the uncertainty over the CCTO status of the Trust, this interest has not been charged by the Council and accordingly has not been accrued in the financial statements of the Council.

The Trust, in conjunction with Wellington City Council and the Council, made application to the High Court for a declaratory judgement on the Trust's status. This application was heard in the High Court in June 2004. In July 2004, the High Court declared that the Trust was not a CCTO and that Part 5 of the Local Government Act 2002 did not apply to the Trust. However the Inland Revenue Department has appealed this decision.

There has been some debate about whether the Council should equity account its investments in the Trust. The Council has accounted for its \$25 million advance to the Trust as an investment and has not accounted for any ownership interest in the Trust, as the Trust is a stand alone community trust and operates quite independently of the Council. If the Council had equity accounted the Trust, it would have recognised an increase in net surplus of \$187,000 (2003 \$959,000) and an increase in net assets (over and above the \$25 million advance) of \$6,028,000 (2003 \$5,841,000).

On 30 June 2004, CentrePort re-classified some of its fixed assets as investment properties. As a result of this the group has changed the classification of some properties from fixed assets to investment properties. The 2003 comparatives have been adjusted accordingly.

The Group's investment properties comprise of CentrePort's developed and undeveloped properties which are revalued annually to net current value. These were valued by Mr AG Steward and Mr AP Washington, registered valuers with DTZ New Zealand Limited on 30 June 2004. The valuations were based on the assets highest and best use.

# Notes to the Financial Statements for the year ended 30 June 2004



## Note 7

### Property, Plant & Equipment – Group

#### Operational Assets

	Historical Cost Basis 2004 \$000's	Revalued Cost Basis 2004 \$000's	Revaluation/ Cost 2004 \$000's	Accumulated Depreciation 2004 \$000's	Book Value 2004 \$000's	Historical Cost Basis 2003 \$000's	Revalued Cost Basis 2003 \$000's	Revaluation/ Cost 2003 \$000's	Accumulated Depreciation 2003 \$000's	Book Value 2003 \$000's
Port Buildings & Wharves	58,338	0	58,338	23,706	34,632	53,704	0	53,704	23,036	30,668
Land & Buildings	4,060	68,540	72,600	1,065	71,535	24,255	7,425	31,680	1,017	30,663
Fixtures & Fittings	2,606	0	2,606	2,476	130	2,589	0	2,589	2,400	189
Plant & Equipment	32,297	0	32,297	16,487	15,810	32,303	0	32,303	15,830	16,473
Motor Vehicles	4,832	0	4,832	2,670	2,162	4,410	0	4,410	2,417	1,993
Computer Equipment/Software	4,435	0	4,435	3,287	1,148	4,045	0	4,045	2,761	1,284
	106,568	68,540	175,108	49,691	125,417	121,306	7,425	128,731	47,461	81,270
Floodplain Management Plans	6,640	0	6,640	3,143	3,497	6,640	0	6,640	2,688	3,952

#### Infrastructural Assets

Flood Protection	2,495	146,303	148,798	389	148,409	1,049	146,303	147,352	195	147,157
Transport Facilities	11,958	0	11,958	3,924	8,034	11,958	0	11,958	3,718	8,240
Navigational Aids	1,737	0	1,737	993	744	1,737	0	1,737	947	790
Parks & Forests	15,501	23,049	38,550	394	38,156	14,916	23,148	38,064	0	38,064
	31,691	169,352	201,043	5,700	195,343	29,660	169,451	199,111	4,860	194,251
Capital Works In Progress	2,100	0	2,100	0	2,100	1,118	0	1,118	0	1,118

#### Total Regional Responsibilities

	146,999	237,892	384,891	58,534	326,357	158,724	176,876	335,600	55,009	280,591
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#### Regional Water Supply Assets

Infrastructure Assets	0	293,134	293,134	0	293,134	14,742	248,346	263,088	19,277	243,811
Administration Buildings	0	446	446	0	446	933	0	933	7	926
Minor Equipment	1,786	0	1,786	1,116	670	1,651	0	1,651	1,022	629
Motor Vehicles	1,009	0	1,009	725	284	985	0	985	653	332
Capital Works In Progress	1,210	0	1,210	0	1,210	667	0	667	0	667
Total Regional Water Supply	4,005	293,580	297,585	1,841	295,744	18,978	248,346	267,324	20,959	246,365

#### Total Group Property, Plant & Equipment

	151,004	531,472	682,476	60,375	622,101	177,702	425,222	602,924	75,968	526,956
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## Notes to the Financial Statements for the year ended 30 June 2004

### Note 7 (continued)

	Historical Cost Basis 2004 \$000's	Revalued Cost Basis 2004 \$000's	Revaluation/ Cost 2004 \$000's	Accumulated Depreciation 2004 \$000's	Book Value 2004 \$000's	Historical Cost Basis 2003 \$000's	Revalued Cost Basis 2003 \$000's	Revaluation/ Cost 2003 \$000's	Accumulated Depreciation 2003 \$000's	Book Value 2003 \$000's
<b>Property, Plant &amp; Equipment – Council</b>										
<b>Operational Assets</b>										
Port Buildings & Wharves	0	0	0	0	0	0	0	0	0	0
Land & Buildings	4,060	0	4,060	1,065	2,995	3,916	0	3,916	1,017	2,899
Fixtures & Fittings	891	0	891	816	75	874	0	874	758	116
Plant & Equipment	2,111	0	2,111	1,577	534	1,866	0	1,866	1,428	438
Motor Vehicles	4,832	0	4,832	2,670	2,162	4,410	0	4,410	2,417	1,993
Computer Equipment/Software	4,435	0	4,435	3,287	1,148	4,045	0	4,045	2,761	1,284
	16,329	0	16,329	9,415	6,914	15,111	0	15,111	8,381	6,730
Floodplain Management Plans	6,640	0	6,640	3,143	3,497	6,640	0	6,640	2,688	3,952
<b>Infrastructural Assets</b>										
Flood Protection	2,495	146,303	148,798	389	148,409	1,049	146,303	147,352	195	147,157
Transport Facilities	11,958	0	11,958	3,924	8,034	11,958	0	11,958	3,718	8,240
Navigational Aids	1,737	0	1,737	993	744	1,737	0	1,737	947	790
Parks & Forests	15,501	23,049	38,550	394	38,156	14,916	23,148	38,064	0	38,064
	31,691	169,352	201,043	5,700	195,343	29,660	169,451	199,111	4,860	194,251
Capital Works In Progress	2,100	0	2,100	0	2,100	1,118	0	1,118	0	1,118
<b>Total Regional Responsibilities</b>	<b>56,760</b>	<b>169,352</b>	<b>226,112</b>	<b>18,258</b>	<b>207,854</b>	<b>52,529</b>	<b>169,451</b>	<b>221,980</b>	<b>15,929</b>	<b>206,051</b>
<b>Regional Water Supply Assets</b>										
Infrastructure Assets	0	293,134	293,134	0	293,134	14,742	248,346	263,088	19,277	243,811
Administration Buildings	0	446	446	0	446	933	0	933	7	926
Minor Equipment	1,786	0	1,786	1,116	670	1,651	0	1,651	1,022	629
Motor Vehicles	1,009	0	1,009	725	284	985	0	985	653	332
Capital Works In Progress	1,210	0	1,210	0	1,210	667	0	667	0	667
<b>Total Regional Water Supply</b>	<b>4,005</b>	<b>293,580</b>	<b>297,585</b>	<b>1,841</b>	<b>295,744</b>	<b>18,978</b>	<b>248,346</b>	<b>267,324</b>	<b>20,959</b>	<b>246,365</b>
<b>Total Council Property, Plant &amp; Equipment</b>	<b>60,765</b>	<b>462,932</b>	<b>523,697</b>	<b>20,099</b>	<b>503,598</b>	<b>71,507</b>	<b>417,797</b>	<b>489,304</b>	<b>36,888</b>	<b>452,416</b>

# Notes to the Financial Statements for the year ended 30 June 2004



## Note 8

	Notes	Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
<b>Current Liabilities</b>					
Payables		25,473	23,227	18,654	17,750
Employee Provisions		4,012	4,287	1,640	1,395
Current Account – WRC Holdings Group		0	0	2,126	2,137
Provision For Dividend		291	415	0	0
Debt	11	6,899	27,399	6,845	3,845
		<b>36,675</b>	<b>55,328</b>	<b>29,265</b>	<b>25,127</b>

## Note 9

	Notes	Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
<b>Non-Current Liabilities</b>					
Employee Provisions		918	939	918	939
Debt	11	125,346	110,463	57,139	66,302
		<b>126,264</b>	<b>111,402</b>	<b>58,057</b>	<b>67,241</b>



## Notes to the Financial Statements for the year ended 30 June 2004

### Note 10

#### Taxation

##### Operating Surplus before Taxation

Net Surplus not subject to Taxation

##### Net Surplus Subject to Taxation

Income Tax at 33%

##### Adjustments for Permanent Differences

Tax Effect of Imputation Credits

Non Assessable Income

Subvention Payments

Deferred Tax Benefits not Previously Recognised

Tax Loss not Recognised

Prior Period Adjustment

##### Taxation Expense

##### The Taxation Expense is Represented By:

Current Year Taxation

Future Taxation Benefit

##### Taxation Expense

	Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
Operating Surplus before Taxation	11,590	14,049	7,171	8,774
Net Surplus not subject to Taxation	(8,178)	(8,908)	(7,679)	(8,863)
<b>Net Surplus Subject to Taxation</b>	<b>3,412</b>	<b>5,141</b>	<b>(508)</b>	<b>(89)</b>
Income Tax at 33%	1,127	1,696	(168)	(29)
<b>Adjustments for Permanent Differences</b>				
Tax Effect of Imputation Credits	(549)	(12)	(260)	(594)
Non Assessable Income	540	45	0	0
Subvention Payments	0	0	0	139
Deferred Tax Benefits not Previously Recognised	(127)	(444)	0	0
Tax Loss not Recognised	460	541	428	510
Prior Period Adjustment	(31)	(160)	0	(26)
<b>Taxation Expense</b>	<b>1,420</b>	<b>1,666</b>	<b>0</b>	<b>0</b>
<b>The Taxation Expense is Represented By:</b>				
Current Year Taxation	1,349	1,908	0	0
Future Taxation Benefit	71	(242)	0	0
<b>Taxation Expense</b>	<b>1,420</b>	<b>1,666</b>	<b>0</b>	<b>0</b>

## Notes to the Financial Statements for the year ended 30 June 2004



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### Note 10 (continued)

#### Taxation (continued)

The net income subject to tax includes the gross income of the Council, net of related expenses, derived from the WRC Group of companies, including the CentrePort Group and NZLGIC. All other income currently derived by the Council is exempt from income tax.

#### Subvention Payments

The financial statements accrue a subvention payment for the utilisation of losses of the Greater Wellington Regional Council of \$0.47m payable by Pringle House Limited.

A subvention payment of \$0.42m was made by Pringle House Limited to the Greater Wellington Regional Council in relation to the amount accrued in the 2003 year.

A subvention payment of \$1.87m was made by CentrePort Group during the year in consideration for the CentrePort Group's Utilisation of losses of the Greater Wellington Regional Council in relation to the 2003 year.

#### Timing Differences Not Recognised

A deferred tax asset of \$6.26m (2003 \$6.29m), has not been recognised in relation to timing differences in the subsidiary companies from the difference between accounting and tax depreciation on the basis that there is no virtual certainty of the realisation of that asset. Of this amount \$6.1m relates to CentrePort Limited.

#### Tax Loss Offset to Group Entities

The Council had tax losses of \$10.10m available to carry forward at June 2003. \$5.63m of these losses were offset by way of subvention (\$1.87m) and loss offset (\$3.76m) to various CentrePort Group entities with respect to the 2003 year.

#### Tax Losses Not Recognised

The Council has tax losses of \$5.76m (2003 \$10.10m) available to be carried forward and to be offset against taxable income in the future. The tax effect of these losses is \$1.9m (2003 \$3.33m). WRC Holdings Limited has tax losses of \$0.37m (2003 \$0.27m) available to be carried forward and to be offset against taxable income in the future.

The tax effect of these losses is \$0.12m (2003 \$0.09m). WRC Holdings Limited's ability to carry forward tax losses is contingent upon them continuing to meet the requirements of the Income Tax Act 1994.

#### Imputation Credits

\$8.25m (2003 \$8.61m) of imputation credits are available within the subsidiaries to attach to future dividends paid to the Council. The subsidiaries' ability to carry forward imputation credits is contingent upon them continuing to meet the requirements of the Income Tax Act 1994.

#### Interest Deductibility

Inland Revenue are currently reviewing the deductibility of certain interest payments made by the Council. The Council's advisors are of the opinion that the interest expenditure should be deductible. The tax effect of the amount at issue is \$0.28m (2003 \$0.19m).



## Notes to the Financial Statements for the year ended 30 June 2004

### Note 11

	Notes	Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
<b>Debt</b>					
Opening Balance		137,862	152,505	70,147	82,705
New Loans Raised		8,742	6,386	8,742	6,386
Loans Repaid		(14,359)	(21,029)	(14,905)	(18,944)
<b>Total Debt</b>		<b>132,245</b>	<b>137,862</b>	<b>63,984</b>	<b>70,147</b>
Debt (Current)	8	6,899	27,399	6,845	3,845
Debt (Non Current)	9	125,346	110,463	57,139	66,302
<b>Total Debt</b>		<b>132,245</b>	<b>137,862</b>	<b>63,984</b>	<b>70,147</b>

### Debt by Maturity

	Group 2004 \$000's	Council 2004 \$000's
2005	6,899	6,845
2006	25,246	1,092
2007	45,646	1,593
2008	15,683	15,683
2009	16,386	16,386
2010 and Later	22,385	22,385
	<b>132,245</b>	<b>63,984</b>



## Notes to the Financial Statements for the year ended 30 June 2004



### Note 11 (continued)

#### Debt (continued)

The Council has an overdraft facility of \$1m with the National Bank (not drawn at year end) which is unsecured. The current interest rate on the facility is 10.00% (2003 10.00%).

Local Government Stock issued by the Council prior to 30 June 1997 is fully secured, \$4.0m (2003 \$7.0m) is secured by a charge against special rates and \$2.2m (2003 \$2.3m) is secured by a charge against the regional water supply levy. This stock will mature by July 2005. All other Council debt is unsecured.

As at 30 June 2004, the Council's debt has a weighted average interest rate (after the effect of derivatives) of 7.63% (2003 7.57%) and an estimated fair value of \$66.0m (2003 \$74.6m). Further detailed analysis of Council debt is provided on page 134.

CentrePort Limited has a bank loan facility drawn of \$40.0m (drawn to \$24.1m) which is unsecured and matures on 14 April 2006. The interest rate charged on the facility as at 30 June 2004 ranged from 5.8% to 6.6% p.a. (2003 ranged from 5.4% to 6.1% p.a.). Subsequent to balance date the New Zealand dollar Commercial Bill facility of \$40.0m was increased to \$55.0m. CentrePort Limited also has \$0.15m of other borrowing which is unsecured and is repayable by three equal instalments of \$0.05m on 1 May each year. There is no interest charged on this borrowing.

WRC Holdings Limited has a bank loan facility of \$44m (drawn to \$44.0m) which is secured by a debenture over the assets of company and matures on 28 October 2006. The interest rate charged on the facility as at 30 June 2004 was 6.44% (2003 5.95%).



## Notes to the Financial Statements for the year ended 30 June 2004

### Note 12

#### Retained Earnings

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

Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
222,185	198,584	215,096	193,657
29,773	25,852	7,171	23,690
3,144	1,278	3,144	1,278
(2,202)	(3,132)	(2,202)	(3,132)
(361)	(511)	(361)	(511)
98	114	98	114
<b>252,637</b>	<b>222,185</b>	<b>222,946</b>	<b>215,096</b>

### Note 13

#### Reserves

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

Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
268,125	252,382	268,125	252,382
2,202	3,132	2,202	3,132
(3,144)	(1,278)	(3,144)	(1,278)
361	511	361	511
(98)	(114)	(98)	(114)
82,534	13,492	51,726	13,492
<b>349,980</b>	<b>268,125</b>	<b>319,172</b>	<b>268,125</b>

# Notes to the Financial Statements for the year ended 30 June 2004



## Note 13 (continued)

### Reserves (continued)

#### Represented By

##### *Area of Benefit Reserves*

Regional Park Land Purchase Reserve

River Rate Reserves

Wairarapa Scheme Reserves

Transport Reserve

Bovine Tuberculosis Rate Reserve

Regional Water Supply Reserve

Wairarapa Workshop Reserve

Akura Nursery Reserve

##### *Contingency Reserves*

Rural Fire Contingency Reserve

Flood Contingency Reserve

Environment Legal Contingency Reserve

##### *Special Reserves*

Election Reserve

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

Expenditure Carried Forward

#### **Total Operational Reserves**

Asset Revaluation Reserve\*

Investment Revaluation Reserve

#### **Total Reserves**

	Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
Regional Park Land Purchase Reserve	877	832	877	832
River Rate Reserves	401	317	401	317
Wairarapa Scheme Reserves	1,746	1,781	1,746	1,781
Transport Reserve	2,296	2,679	2,296	2,679
Bovine Tuberculosis Rate Reserve	871	853	871	853
Regional Water Supply Reserve	0	605	0	605
Wairarapa Workshop Reserve	30	34	30	34
Akura Nursery Reserve	(14)	(4)	(14)	(4)
<i>Contingency Reserves</i>				
Rural Fire Contingency Reserve	50	50	50	50
Flood Contingency Reserve	77	426	77	426
Environment Legal Contingency Reserve	330	410	330	410
<i>Special Reserves</i>				
Election Reserve	205	116	205	116
<i>Expense Re-budgeting Reserves</i>				
Expenditure Carried Forward	1,558	909	1,558	909
<b>Total Operational Reserves</b>	<b>8,427</b>	<b>9,008</b>	<b>8,427</b>	<b>9,008</b>
Asset Revaluation Reserve*	341,351	258,915	310,543	258,915
Investment Revaluation Reserve	202	202	202	202
<b>Total Reserves</b>	<b>349,980</b>	<b>268,125</b>	<b>319,172</b>	<b>268,125</b>



## Notes to the Financial Statements for the year ended 30 June 2004

### Note 13 (continued)

#### Reserves (continued)

##### \*Asset Revaluation Reserve by Category

##### Operational Assets

Land & Buildings

##### Infrastructure Assets

Flood Protection

Transport Facilities

Parks & Forests

##### Regional Water Supply Assets

Infrastructure Assets

**Total Asset Revaluation Reserve**

	Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
Land & Buildings	31,299	491	491	491
Flood Protection	108,073	108,073	108,073	108,073
Transport Facilities	1,517	1,517	1,517	1,517
Parks & Forests	13,658	13,751	13,658	13,751
Infrastructure Assets	186,804	135,083	186,804	135,083
<b>Total Asset Revaluation Reserve</b>	<b>341,351</b>	<b>258,915</b>	<b>310,543</b>	<b>258,915</b>

### Note 14

#### Minority Interests

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

### Note 15

#### Employees

Number of Employees

Council 2004	Council 2003
357	348

# Notes to the Financial Statements for the year ended 30 June 2004



## Note 16

### Contingencies

#### Contingent Liabilities

Legal Proceedings & Possible Obligations  
Uncalled Capital in WRC Holdings Limited

Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
2,201	1,296	2,201	1,296
0	0	75,000	75,000
<b>2,201</b>	<b>1,296</b>	<b>77,201</b>	<b>76,296</b>

#### Contingent Assets

Supplementary Claim to Transfund

Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
0	125	0	125
<b>0</b>	<b>125</b>	<b>0</b>	<b>125</b>

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

#### Subsidiary Companies – CentrePort Limited

In respect of CentrePort the following contingent liabilities existed at 30 June 2004:

A party has commenced litigation disputing the level of the Company's charges and seeking some reimbursement of charges paid. CentrePort has lodged counter claims against this party for breach of contract in respect of charges that have been withheld. The charges determined by CentrePort Ltd as appropriate, are included within trade receivables (Note 5) at balance date. Professional advice indicates that CentrePort Ltd has no significant exposure to this claim.





## Notes to the Financial Statements for the year ended 30 June 2004

### Note 17

#### Commitments

##### Transport Operator Commitments

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

##### Operating Lease Commitments

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

##### Capital Commitments

##### Total Commitments

Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
35,488	21,385	35,488	21,385
15,488	10,245	15,488	10,245
26,876	17,018	26,876	17,018
694	1,388	694	1,388
<b>78,546</b>	<b>50,036</b>	<b>78,546</b>	<b>50,036</b>
1,171	819	1,978	1,635
779	390	1,793	164
1,113	164	4,389	13
6	0	1,298	0
<b>3,069</b>	<b>1,373</b>	<b>9,458</b>	<b>1,812</b>
<b>25,064</b>	<b>2,395</b>	<b>4,372</b>	<b>254</b>
<b>106,679</b>	<b>53,804</b>	<b>92,376</b>	<b>52,102</b>

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

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

##### Subsidiary Companies – CentrePort Limited

At balance date there were commitments in respect of contracts for capital expenditure of \$20,692,000 (2003 \$2,141,000).



## Note 18

### Financial Instruments

#### Currency Risk

The Council is not exposed to any material currency risk.

#### Credit Risk

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

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

#### Concentration of Credit Risk

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

#### Liquidity Risk

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

The Council minimises liquidity risk principally by maintaining liquid financial investments, undrawn committed lines and overdraft facilities with its relationship banks, in accordance with the treasury management policy. CentrePort Limited reduces its exposure to liquidity risk through a bank overdraft and a New Zealand dollar commercial bill facility.

#### Interest Rate Risk

The Group has exposure to interest rate movements as a result of its investments, external debt and money market portfolios.

To minimise the risk on debt and investments, management monitors the levels of interest rates on an ongoing basis and uses forward rate and swap agreements to hedge interest rates when rates are anticipated to change. At 30 June 2004 the Group had entered into forward rate and swap agreements to hedge debt (investments) with maturities of:



## Notes to the Financial Statements for the year ended 30 June 2004

### Note 18 (continued)

#### Financial Instruments (continued)

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

	Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
Less than One Year	7,500	7,000	0	0
One to Two Years	2,500	7,500	0	0
Two to Three Years	3,000	2,500	(5,000)	0
Three to Four Years	5,000	0	5,000	0
Four to Five Years	10,000	5,000	10,000	5,000
Five to Six Years	5,000	10,000	5,000	10,000
Six to Seven Years	0	5,000	0	5,000
Seven to Eight Years	0	5,000	0	5,000
	<b>33,000</b>	<b>42,000</b>	<b>15,000</b>	<b>25,000</b>

#### Fair Value of Interest Rate Swap Agreements

Estimated Fair Value of Interest Rate Swap Agreements as at 30 June 2004

	Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
Estimated Fair Value of Interest Rate Swap Agreements as at 30 June 2004	269	(1,740)	149	(1,521)

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

# Notes to the Financial Statements for the year ended 30 June 2004



## Note 19

### Severance Payments

During the year ended 30 June 2004, the Greater Wellington Regional Council has not made any severance payments to the CEO. There was one employee who received a severance payment of \$41,952.

## Note 20

### Remuneration

Councillor J Aitken  
Councillor H Barr  
Councillor I Buchanan  
Councillor G Evans  
Councillor R Kirton  
Councillor C Laidlaw  
Councillor R Long  
Councillor T McDavitt  
Chairperson M Sheilds  
Councillor R Thomas  
Councillor C Turver  
Councillor D Werry

Councillor I Yardley (*resigned 19 February 2004*)

### Council 2004 \$000's

42,421  
43,022  
67,914  
43,022  
42,587  
64,306  
64,306  
67,209  
121,380  
42,587  
64,542  
64,362  
27,627

### Executive Remuneration

For the year ending 30 June 2004 the Chief Executive of the Greater Wellington Regional Council, appointed under section 42(1) of the Local Government Act 2002, received total remuneration of \$276,000. His contract commenced on 4 August 2003. For the year ending 30 June 2003 the previous General Manager received total remuneration of \$261,985.



## Notes to the Financial Statements for the year ended 30 June 2004

### Note 21

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

	Group 2004 \$000's	Group 2003 \$000's	Council 2004 \$000's	Council 2003 \$000's
<b>Operating Surplus</b>	10,170	12,383	7,171	8,774
<b>Add Non-Cash Items</b>				
Depreciation	12,850	12,589	8,448	8,163
Net Loss (Gain) on Sale of Property, Plant & Equipment	283	(3)	466	3
Assets Written Off (Written Back)	394	(545)	485	0
Equity Accounted Earnings from Associate Companies	(85)	(6)	0	0
Decrease (Increase) in Value of Investments	0	0	(691)	(545)
Decrease (Increase) in Future Tax Benefit	221	(193)	0	0
<b>Add (Less) Movements in Working Capital</b>				
Decrease (Increase) in Accounts Receivable	(4,329)	(1,169)	(3,256)	903
Decrease (Increase) in Inventory	(98)	10	(13)	17
Decrease (Increase) in Tax Refund Due	(316)	308	0	0
Increase (Decrease) in Accounts Payable	2,121	3,255	904	1,825
Increase (Decrease) in Employee Provisions	(296)	837	224	(111)
Increase (Decrease) in WRC Holdings Group Current Account	(1)	0	322	822
<b>Add (Less) Items Classified as Investing Activities</b>				
Decrease (Increase) in Accounts Payable Related to Property, Plant & Equipment	(78)	562	(200)	154
Dividends Paid/Payable	124	(323)	0	0
Sinking Funds Interest Compounded	(504)	(478)	(504)	(478)
<b>Add (Less) Items Classified as Financing Activities</b>				
Forestry Encouragement Loan Interest Compounded	440	449	440	449
<b>Net Cash Flow From Operating Activities</b>	<b>20,896</b>	<b>27,676</b>	<b>13,796</b>	<b>19,976</b>



# Notes to the Financial Statements for the year ended 30 June 2004



## Note 22

### Related Parties

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

All transactions with related parties have been carried out on normal commercial terms. Significant transactions during the year ended 30 June 2004 included:

#### CentrePort Group

Income from Use of Navigational Facilities and Consent Charges  
Income from Subvention Payment  
Expense for Rental & Services

#### WRC Holdings Group (Excluding CentrePort)

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

#### Sign Factory

Expense for Services

#### NZ Local Government Insurance Corporation Limited

Income from Dividends

	Council 2004 \$000's	Council 2003 \$000's
	677	550
	1,859	0
	(25)	(24)
	243	218
	470	422
	323	788
	(1,146)	(1,110)
	(116)	(137)
	(6)	(1)
	0	0



## Notes to the Financial Statements for the year ended 30 June 2004

### Note 23

#### Subsequent Events

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



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

<b>Environment Management</b>	<b>57</b>
<b>Regional Transport</b>	<b>73</b>
<b>Regional Water Supply</b>	<b>81</b>
<b>Land Management</b>	<b>93</b>
<b>Flood Protection</b>	<b>101</b>
<b>Parks and Forests</b>	<b>107</b>
<b>Investment in Democracy</b>	<b>115</b>
<b>Investments</b>	<b>117</b>

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
<b>Operating Revenue</b>	<b>11,956</b>	<b>11,602</b>
Direct Operating Expenditure	11,636	11,578
Interest	0	0
Depreciation/Loss (Gain) on Disposal	295	307
<b>Operating Expenditure</b>	<b>11,931</b>	<b>11,885</b>
<b>Operating Surplus (Deficit)</b>	<b>25</b>	<b>(283)</b>
<b>Less:</b>		
Capital Expenditure	268	307
Proceeds from Asset Sales	(2)	(20)
Loan Funding	0	0
<b>Rates Funded Capital Expenditure</b>	<b>266</b>	<b>287</b>
Debt Repayment	0	0
Investment Additions	0	0
Reserve Movements	(32)	(263)
Working Capital Movements	0	0
Non Cash Items	(295)	(307)
<b>Net Funding Surplus (Deficit)</b>	<b>86</b>	<b>0</b>

### Operating Revenue

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

### Operating Expenditure

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

### Capital Expenditure

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



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
<b>Operating Revenue</b>	<b>52,872</b>	<b>53,825</b>
Direct Operating Expenditure	51,420	53,653
Interest	306	306
Depreciation/Loss (Gain) on Disposal	287	374
<b>Operating Expenditure</b>	<b>52,013</b>	<b>54,333</b>
<b>Operating Surplus (Deficit)</b>	<b>859</b>	<b>(508)</b>
<b>Less:</b>		
Capital Expenditure	883	232
Proceeds from Asset Sales	0	(4)
Loan Funding	0	0
<b>Rates Funded Capital Expenditure</b>	<b>883</b>	<b>228</b>
Debt Repayment	324	324
Investment Additions	0	0
Reserve Movements	(61)	(686)
Working Capital Movements	0	0
Non Cash Items	(287)	(374)
<b>Net Funding Surplus (Deficit)</b>	<b>0</b>	<b>0</b>

### 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	1,761	1,726
Planning & Monitoring the Transport Network	2,590	2,733
<b>Total Operating Revenue</b>	<b>52,872</b>	<b>53,825</b>

### 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	1,867	1,726
Planning & Monitoring the Transport Network	2,197	2,723
<b>Total Operating Expenditure</b>	<b>52,013</b>	<b>54,333</b>

### Capital Expenditure

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

<sup>1</sup> 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.

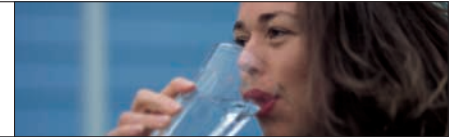
GW Water holds certification to ISO 9001:2000 for its wholesale water supply operations.

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
<b>Operating Revenue</b>	<b>23,844</b>	<b>24,092</b>
Direct Operating Expenditure	12,769	14,067
Interest	3,674	3,829
Depreciation/Loss (Gain) on Disposal	6,368	5,861
<b>Operating Expenditure</b>	<b>22,811</b>	<b>23,757</b>
<b>Operating Surplus (Deficit)</b>	<b>1,033</b>	<b>335</b>
<b>Less:</b>		
Capital Expenditure	4,046	5,515
Proceeds from Asset Sales	(20)	(61)
Loan Funding	(3,902)	(5,111)
<b>Levy Funded Capital Expenditure</b>	<b>124</b>	<b>343</b>
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)
<b>Net Funding Surplus (Deficit)</b>	<b>0</b>	<b>0</b>

### Operating Revenue

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

### Operating Expenditure

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

### Capital Expenditure

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

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

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







The Land Management group of activities had a significant effect on economic well-being, particularly through its impacts on the agriculture sector. Specifically, control of bovine tuberculosis vectors protects the viability of dairying and of cattle and deer farming in the region. Similarly, the soil conservation activities promote sustainable use of the region's land and protect the soils so that they retain their productivity.

Environmental well-being is enhanced through both areas of activity with ecosystems benefiting particularly from the pest management work, while soil conservation produces benefits in 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

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

#### Controlling plant and animal pests

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

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

#### Monitoring soil health

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



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### Promoting sustainable land management (continued)

#### Planned Targets

##### LONG TERM

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

##### SHORT TERM By 30 June 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
<b>Operating Revenue</b>	<b>9,532</b>	<b>10,964</b>
Direct Operating Expenditure	9,083	11,017
Interest	0	0
Depreciation/Loss (Gain) on Disposal	118	(18)
<b>Operating Expenditure</b>	<b>9,201</b>	<b>10,999</b>
<b>Operating Surplus (Deficit)</b>	<b>331</b>	<b>(35)</b>
<b>Less:</b>		
Capital Expenditure	98	131
Proceeds from Asset Sales	(8)	(27)
Loan Funding		0
<b>Rates Funded Capital Expenditure</b>	<b>90</b>	<b>104</b>
Debt Repayment	0	0
Investment Additions	0	0
Reserve Movements	40	(157)
Working Capital Movements	0	0
Non Cash Items	(118)	18
<b>Net Funding Surplus (Deficit)</b>	<b>319</b>	<b>0</b>

### 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
<b>Total Operating Revenue</b>	<b>9,532</b>	<b>10,964</b>

### 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
<b>Total Operating Expenditure</b>	<b>9,201</b>	<b>10,999</b>

### Capital Expenditure

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



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



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## 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
<b>Operating Revenue</b>	<b>11,633</b>	<b>11,479</b>
Direct Operating Expenditure	7,428	6,394
Interest	1,858	1,919
Depreciation/Loss (Gain) on Disposal	719	779
<b>Operating Expenditure</b>	<b>10,005</b>	<b>9,092</b>
<b>Operating Surplus (Deficit)</b>	<b>1,628</b>	<b>2,387</b>
<b>Less:</b>		
Capital Expenditure	2,281	2,521
Proceeds from Asset Sales	(140)	(44)
Loan Funding	(1,747)	(2,384)
<b>Rates Funded Capital Expenditure</b>	<b>394</b>	<b>93</b>
Debt Repayment	2,020	2,025
Investment Additions	252	252
Reserve Movements	(243)	796
Working Capital Movements	0	0
Non Cash Items	(719)	(779)
<b>Net Funding Surplus (Deficit)</b>	<b>(76)</b>	<b>0</b>

## Operating Revenue

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

## Operating Expenditure

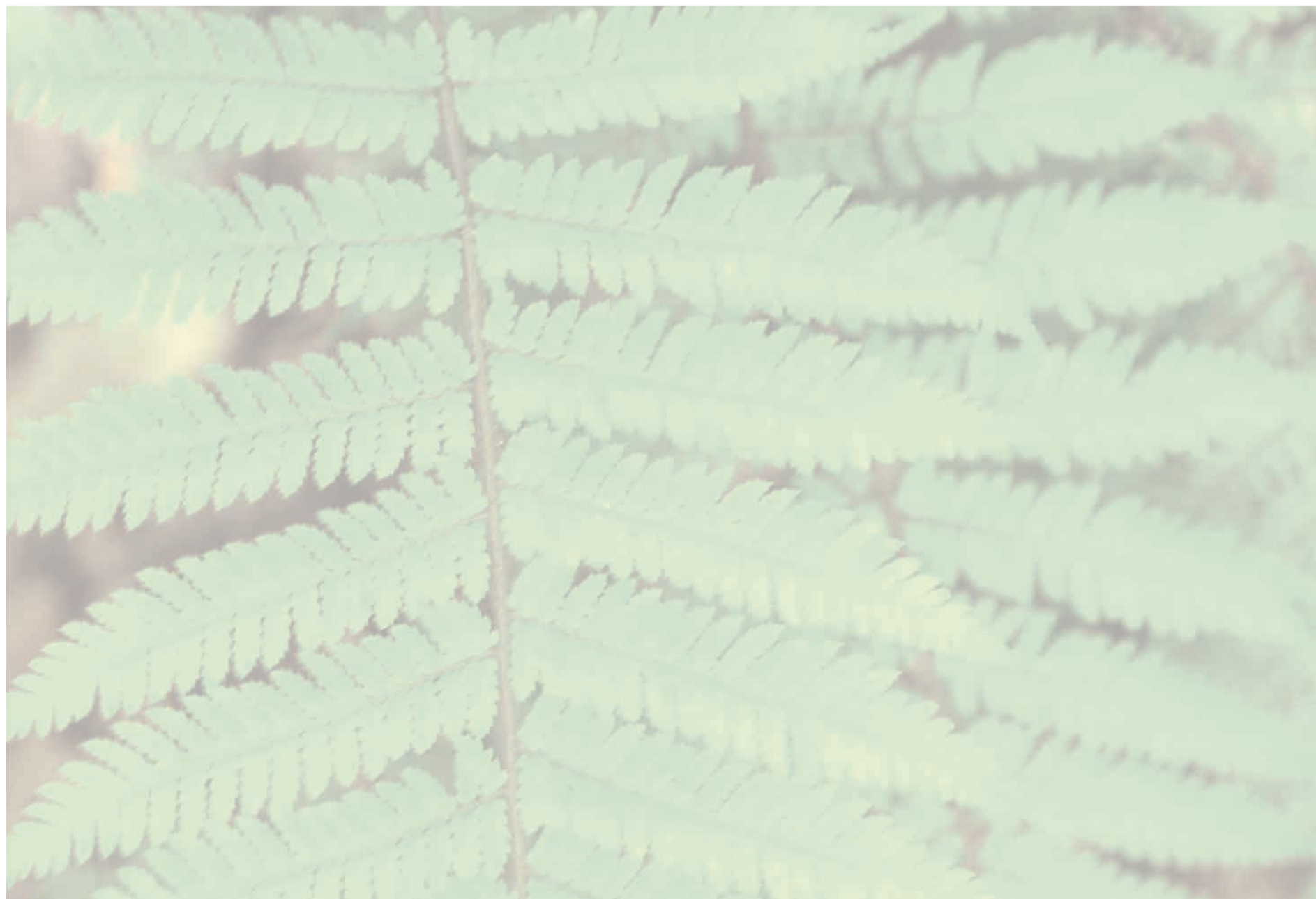
Planning for Flood Protection	1,623	1,528
Delivering Flood Protection	8,382	7,564
<b>Total Operating Expenditure</b>	<b>10,005</b>	<b>9,092</b>

## 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
<b>Major Project Expenditure</b>	<b>1,876</b>	<b>2,111</b>

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







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
<b>Operating Revenue</b>	<b>6,048</b>	<b>6,023</b>
Direct Operating Expenditure	5,382	5,458
Interest	130	142
Depreciation/Loss (Gain) on Disposal	569	259
<b>Operating Expenditure</b>	<b>6,081</b>	<b>5,859</b>
<b>Operating Surplus (Deficit)</b>	<b>(33)</b>	<b>164</b>
<b>Less:</b>		
Capital Expenditure	606	599
Proceeds from Asset Sales	(66)	(28)
Loan Funding	(231)	(316)
<b>Rates Funded Capital Expenditure</b>	<b>309</b>	<b>255</b>
Debt Repayment	138	142
Investment Additions	0	0
Reserve Movements	112	26
Working Capital Movements	0	0
Non Cash Items	(569)	(259)
<b>Net Funding Surplus (Deficit)</b>	<b>(23)</b>	<b>0</b>

### Operating Revenue

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

### Operating Expenditure

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

### 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
<b>Major Project Expenditure</b>	<b>299</b>	<b>324</b>
Land & Buildings	44	40
Plant & Equipment	72	26
Vehicles	191	209
<b>Total Capital Expenditure</b>	<b>606</b>	<b>599</b>



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
<b>Operating Revenue</b>	<b>3,679</b>	<b>3,678</b>
Direct Operating Expenditure	3,477	3,584
Interest	0	0
Depreciation/Loss (Gain) on Disposal	14	15
<b>Operating Expenditure</b>	<b>3,491</b>	<b>3,599</b>
<b>Operating Surplus (Deficit)</b>	<b>188</b>	<b>79</b>
<b>Less:</b>		
Capital Expenditure	0	5
Proceeds from Asset Sales	0	0
Loan Funding	0	0
<b>Rates Funded Capital Expenditure</b>	<b>0</b>	<b>5</b>
Debt Repayment	0	0
Investment Additions	0	0
Reserve Movements	89	89
Working Capital Movements	0	0
Non Cash Items	(14)	(15)
<b>Net Funding Surplus (Deficit)</b>	<b>113</b>	<b>0</b>

### 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

<b>3,491</b>	<b>3,599</b>
--------------	--------------

### Capital Expenditure

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

### Total Capital Expenditure

<b>0</b>	<b>5</b>
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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.

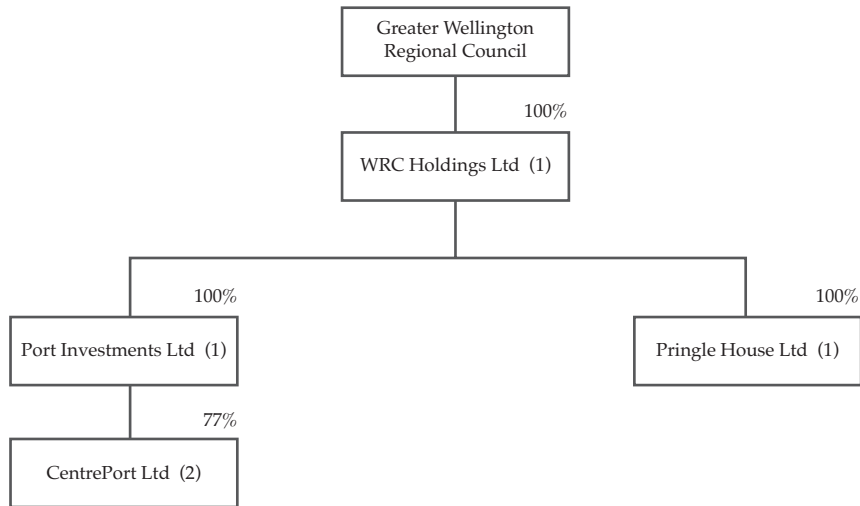
### Greater Wellington's treasury management function

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:



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.

- (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.





## 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

	<b>Actual 2004 \$000's</b>	<b>Budget 2004 \$000's</b>
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 ( <b>excluding</b> increase in value of investment property)	5.7%	21.1%
Return on shareholder equity ( <b>including</b> 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

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

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

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

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
<b>Earnings before Interest</b>	<b>6,264</b>	<b>4,523</b>
Interest	(536)	(486)
<b>Operating Surplus (Deficit)</b>	<b>6,800</b>	<b>5,009</b>
<b>Less:</b>		
Contribution to General Rates	8,127	6,884
Targeted Rate (Stadium)	(2,676)	(2,676)
<b>Earnings Retained</b>	<b>1,349</b>	<b>801</b>

### 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
<b>Operating Surplus (excl. Stadium)</b>	<b>8,719</b>	<b>6,928</b>
Regional Stadium	(1,919)	(1,919)
<b>Total Operating Surplus</b>	<b>6,800</b>	<b>5,009</b>

### 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
<b>Total Contribution to General Rates</b>	<b>8,127</b>	<b>6,884</b>

## Investments Regional Stadium



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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.*



## Statement of Compliance and Responsibility

### Compliance

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

### Responsibility

The Council and management of Wellington Regional Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.

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

In the opinion of the Council and management of Wellington Regional Council, the annual Financial Statements of the year ended 30 June 2004 fairly reflect the financial position and operations of Wellington Regional Council.

A handwritten signature in black ink, appearing to read 'Margaret Shields'.

**Margaret Shields**  
*Chairperson*  
7 October 2004

A handwritten signature in black ink, appearing to read 'Barry Harris'.

**Barry Harris**  
*Chief Executive*  
7 October 2004

A handwritten signature in black ink, appearing to read 'Barry Turefry'.

**Barry Turefry**  
*Chief Financial Officer*  
7 October 2004



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

### For the year ended 30 June 2004

The Auditor-General is the auditor of Wellington Regional Council and group. The Auditor-General has appointed me, Rudie Tomlinson, using the staff and resources of Audit New Zealand, to carry out an audit on his behalf. The audit covers the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of Wellington Regional Council and group for the year ended 30 June 2004, including the financial statements.

#### Unqualified opinion

In our opinion:

- the financial statements of the Wellington Regional Council and group on pages 20 to 129:
- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect :
  - Wellington Regional Council and group's financial position as at 30 June 2004; and
  - the results of operations and cash flows for the year ended on that date.
- the Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements").

The audit was completed on 7 October 2004, and is the date at which our opinion is expressed.

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

#### Basis of opinion

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

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

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

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

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;



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

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

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

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

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of Wellington Regional Council and group as at 30 June 2004. They must also fairly reflect the results of operations and cash flows for the year ended on that date. The Council is also responsible for preparing the information in the other requirements. The Council's responsibilities arise from Schedule 10 of the Local Government Act 2002.

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

#### **Independence**

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

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

- We provided assurance on the probity of the process used to select an operator for the Wellington Urban Passenger Rail Services.
- We delivered a presentation on contract procurement processes.
- We completed an evaluation of the tax compliance systems in relation to GST, FBT, PAYE and withholding tax.
- We reviewed the Council's water division annual report and provided assurance that the financial information has been correctly extracted from the financial systems and provides a true and fair representation of the activities of the water division.

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

#### **R L Tomlinson**

*Audit New Zealand*

On behalf of the Auditor-General  
Wellington, New Zealand

**Matters relating to the electronic presentation of the audited financial statements**

This audit report relates to the financial statements of Wellington Regional Council and group for the year ended 30 June 2004 included on the Wellington Regional Council's website. The Council is responsible for the maintenance and integrity of the Wellington Regional Council's website. We have not been engaged to report on the integrity of the Wellington Regional Council's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

We have not been engaged to report on any other electronic versions of the Wellington Regional Council's financial statements, and accept no responsibility for any changes that may have occurred to electronic versions of the financial statements published on other websites and/or published by other electronic means.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information, which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 7 October 2004 to confirm the information included in the audited financial statements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.





## Supplementary Information

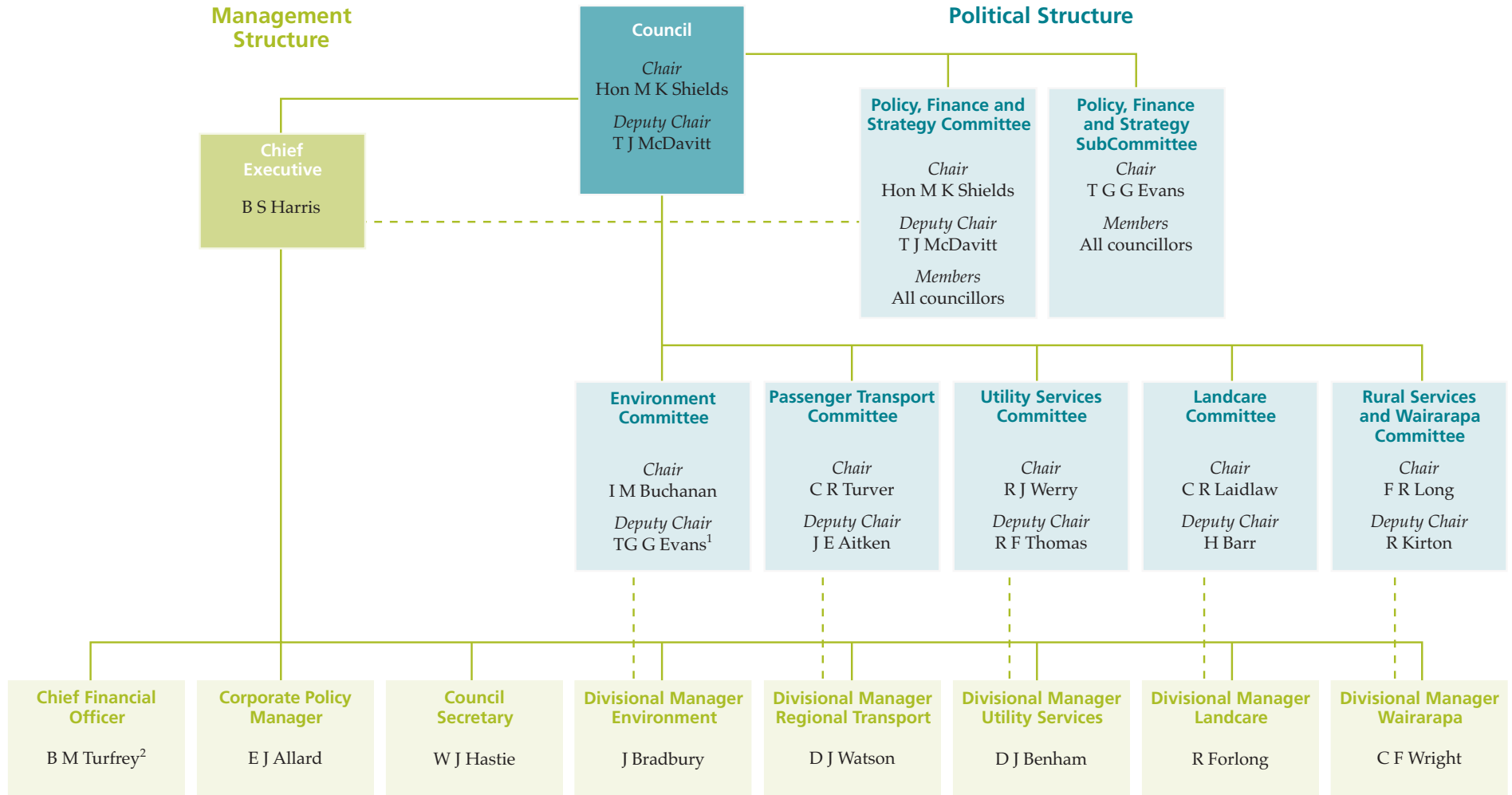
<b>Council Debt</b>	<b>134</b>
<b>Council and Management Structure</b>	<b>135</b>
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## Supplementary Information Council Debt

	1992 \$000's	1993 \$000's	1994 \$000's	1995 \$000's	1996 \$000's	1997 \$000's	1998 \$000's	1999 \$000's	2000 \$000's	2001 \$000's	2002 \$000's	2003 \$000's	2004 \$000's
Forestry – Western Region	3,924	4,107	4,282	4,454	4,942	5,839	7,216	8,469	8,975	10,172	11,065	11,864	12,321
Forestry – Wairarapa	1,446	1,611	1,583	1,409	1,838	2,515	3,286	4,112	4,580	5,496	6,529	7,818	8,790
Flood Protection – Western Region	10,999	15,300	19,653	22,052	22,727	23,248	23,122	23,437	25,084	25,346	24,501	23,356	23,135
Flood Protection – Wairarapa	1,033	904	1,404	1,309	1,216	1,121	1,232	1,432	1,292	1,141	894	601	550
Transport	6,066	5,998	5,860	5,717	5,563	5,416	5,242	5,047	4,826	4,582	4,317	4,025	3,701
Parks & Forests	611	579	565	622	763	861	999	1,127	933	1,296	1,546	1,617	1,711
Corporate:													
Regional Council Centre	24,141	23,410	22,406	21,721	21,206	10,433	9,518	8,508	7,385	6,156	4,649	3,223	2,999
Other Buildings	1,305	1,175	853	838	1,041	1,018	1,001	982	959	935	908	878	685
Information Systems	767	980	1,037	875	394	232	0	1,470	1,144	893	1,297	884	402
Regional Stadium	0	0	0	0	0	0	0	24,500	23,974	23,378	22,728	22,029	21,272
Regional Water Supply	66,802	72,457	69,849	68,419	69,633	70,743	67,121	63,679	59,930	56,190	51,680	48,106	45,759
<b>Total Activities Debt</b>	<b>117,094</b>	<b>126,521</b>	<b>127,492</b>	<b>127,416</b>	<b>129,323</b>	<b>121,426</b>	<b>118,737</b>	<b>142,763</b>	<b>139,082</b>	<b>135,585</b>	<b>130,114</b>	<b>124,401</b>	<b>121,325</b>
Treasury Internal Funding	6,382	(16,333)	(12,909)	(22,324)	(22,549)	(31,808)	(36,739)	(42,093)	(43,352)	(48,174)	(47,409)	(54,254)	(57,341)
<b>Council External Debt</b>	<b>123,476</b>	<b>110,188</b>	<b>114,583</b>	<b>105,092</b>	<b>106,774</b>	<b>89,618</b>	<b>81,998</b>	<b>100,670</b>	<b>95,730</b>	<b>87,411</b>	<b>82,705</b>	<b>70,147</b>	<b>63,984</b>

# Council and Management Structure



<sup>1</sup> Cr I Yardley was Deputy Chair Environment Committee until 19 February 2004.  
<sup>2</sup> GM Schollum was CFO until 27 August 2004.



## Your Regional Councillors in 2003/04

### KAPITI

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#### C R Turver (Chris)

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#### I Yardley (Irvine)

Resigned 19 February 2004

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#### R J Werry (Dick)

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# ADDRESS DETAILS AND DIRECTORY

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## Directory

*Auditors*  
Audit New Zealand on behalf  
of the Auditor-General

*Bankers*  
National Bank of New Zealand

*Treasury Advisors*  
Bancorp New Zealand Limited

*Solicitors*  
Oakley Moran  
Simpson Grierson  
Chapman Tripp Sheffield Young  
Gawith and Co.  
Phillips Fox  
Broadmore Barnett



Greater Wellington promotes **Quality for Life** by ensuring our environment is protected while meeting the economic, cultural and social needs of the community.