greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

If calling please ask for: Democratic Services

25 October 2018

Wellington Regional Council

Order Paper for the meeting of the Wellington Regional Council to be held in the Council Chamber, Greater Wellington Regional Council, Level 2, 15 Walter Street, Te Aro, Wellington on:

Wednesday, 31 October 2018 at 1.30pm

Membership

Cr Laidlaw (Chair)

Cr Blakeley	Cr Brash
Cr Donaldson	Cr Gaylor
Cr Kedgley	Cr Laban
Cr Lamason	Cr McKinnon
Cr Ogden	Cr Ponter
Cr Staples	Cr Swain

Recommendations in reports are not to be construed as Council policy until adopted by Council

Wellington Regional Council

Order Paper for the meeting of the Wellington Regional Council to be held on Wednesday, 31 October 2018 in the Council Chamber, Greater Wellington Regional Council, Level 2, 15 Walter Street, Te Aro, Wellington at 1.30pm

Public Business

Strategy/Policy/Major Issues

Governance

Corporate

Public Excluded Business

greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

Please note that these minutes remain unconfirmed until the meeting of the Council on 31 October 2018.

Report 18.431
25/09/2018
File: CCAB-8-1827

Public minutes of the Council meeting held on Tuesday, 25 September 2018 in the Council Chamber, Greater Wellington Regional Council, Level 2, 15 Walter Street, Te Aro, Wellington at 09:30am

Present

Councillors Laidlaw (Chair), Blakeley, Brash, Donaldson, Gaylor, Kedgley, Laban, Lamason, McKinnon, Ogden, Ponter (from 10:10am) Staples, and Swain.

Public Business

1 **Apologies**

Moved *(Cr Donaldson/ Cr Laidlaw)*

That the Council accepts the apology for lateness from Councillor Ponter.

The motion was **CARRIED**.

2 **Declarations of conflict of interest**

There were no declarations of conflict of interest.

3 **Public Participation**

There was no public participation.

4 **Confirmation of the Public minutes of 16 August 2018**

Moved *(Cr Donaldson/Cr Blakeley)*

That the Council confirms the Public minutes of 16 August 2018 - Report 18.347.

The motion was **CARRIED**.

5 **Action items from previous Council meetings**

Moved *(Cr Laidlaw/ Cr Staples)*

That the Council:

1. *Receives the report.*
2. *Notes the content of the report.*

The motion was **CARRIED**.

Strategy/Policy/Major Issues

6 **Riverlink Preliminary Design**

Councillor Lamason introduced the report.

Report 18.350 File: CCAB-8-1778

Moved *(Cr Lamason/ Cr Swain)*

That the Council:

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Supports the NZ Transport Agency completing its Detailed Business Case for the Melling Transport Improvements that form part of the RiverLink in collaboration with Greater Wellington Regional Council and Hutt City Council, and the recommendation of this Detailed Business Case to the NZ Transport Agency board at the end of 2018.*
4. *Supports the decision by Hutt City Council, which completed its preliminary design for the urban design, city infrastructure and local road components that form part of RiverLink, and approved the funding and programme in July 2018 and encourages the Council to incorporate water sensitive features into any urban design.*
5. *Approves the detailed design and the obtaining of resource consents proceeding for the flood protection components and associated works contained within the RiverLink preliminary design, as outlined in the RiverLink Preliminary Design Summary Report and in section 4 of this report, jointly with GWRC's project partners, Hutt City Council and NZ Transport Agency.*
6. *Agrees to work proceeding on the basis of the outline programme for implementing RiverLink including consenting and construction included in the RiverLink Preliminary Design Summary Report [Attachment 1].*

7. *Notes that programming is subject to decisions to be made by Hutt City Council and NZ Transport Agency.*

The motion was **CARRIED**.

7 **Community Meeting Feedback – New Bus Network**

Cr Donaldson introduced the report, Greg Campbell, Chief Executive, and Lindsey Brittain, Manager, Customer Engagement, spoke to the report.

Report 18.432 File: CCAB-8-1829

Moved *(Cr Donaldson/Cr McKinnon)*

That the Council:

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Notes that Greater Wellington has accurately collated the key themes and responded to the communities in a timely manner.*

The motion was **CARRIED.**

Cr Ponter arrived at the meeting during the consideration of the above item.

Governance

8 **Proposed meeting schedule for 2019**

Report 18.375 File: CCAB-8-1789

Moved *(Cr Staples/ Cr McKinnon)*

That the Council:

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Adopts the meeting schedule for 2019 as outlined in Attachment 1.*
4. *Authorises the Manager, Democratic Services to circulate the schedule to key stakeholders, and to modify the schedule as and when required, in accordance with Standing Orders.*

The motion was **CARRIED**.

9 **Wellington Harbour and Hutt Whaitua Committee – change of name and increase in remuneration**

Tim Sharp, Programme Manager – Whaitua, spoke to the report.

Report 18.422 File: CCAB-8-1810

Moved *(Cr Donaldson/ Cr Brash)*

That the Council:

1. *Receives the report.*

2. *Notes the content of the report.*

3. *Adopts the name "Whaitua Te Whanganui-a-Tara Committee" to replace the name "Wellington Harbour and Hutt Valley Whaitua Committee".*

4. *Approves the honorarium payable to committee members (excluding council appointees) of the Whaitua Te Whanganui-a-Tara Committee being increased to:*

   a. *Appointed members (excluding the Chairperson): shall each receive $10,000 per annum*

   b. *Chairperson: $15,000 per annum. This is only payable in the event that the Chairperson is a non-Councillor member of the Committee.*

5. *Approves the removal of Wellington Water from the Wellington Harbour and Hutt Valley Whaitua Committee.*

6. *Authorises officers to amend the current terms of reference of the Wellington Harbour and Hutt Valley Whaitua Committee to reflect the name change, increase in remuneration and removal of Wellington Water from the Committee.*

Moved as an amendment (as an additional motion) *(Cr Laidlaw/ Cr Blakeley)*

7. *That the candidate evaluation panel shall comprise Ra Smith, Councillor Lee (WCC), Chris Upton (UHCC), Councillor Cousins (HCC), and Councillor Kedgley and Tim Sharp (GWRC).*

The amendment was **CARRIED**.

The substantive motion was put:

That the Council:

1. *Receives the report.*

2. *Notes the content of the report.*

3. *Adopts the name "Whaitua Te Whanganui-a-Tara Committee" to replace the name "Wellington Harbour and Hutt Valley Whaitua Committee".*

4. *Approves the honorarium payable to committee members (excluding council appointees) of the Whaitua Te Whanganui-a-Tara Committee being increased to:*

   a. *Appointed members (excluding the Chairperson): shall each receive $10,000 per annum*

b. *Chairperson: $15,000 per annum. This is only payable in the event that the Chairperson is a non-Councillor member of the Committee.*

5. *Approves the removal of Wellington Water from the Wellington Harbour and Hutt Valley Whaitua Committee.*

6. *Authorises officers to amend the current terms of reference of the Wellington Harbour and Hutt Valley Whaitua Committee to reflect the name change, increase in remuneration and removal of Wellington Water from the Committee.*

7. *That the candidate evaluation panel shall comprise Ra Smith, Councillor Lee (WCC), Chris Upton (UHCC), Councillor Cousins (HCC), and Councillor Kedgley and Tim Sharp (GWRC).*

The substantive motion was **CARRIED**.

The meeting was adjourned at 10:50am and reconvened at 11:10am.

Corporate

10 **Sale of Airtel shares**

Report 18.412 File: CCAB-8-1804

Moved *(Cr Donaldson/ Cr Lamason)*

That the Council:

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Resolves that GWRC's two parcels of shares (10,500x2) in Airtel should be sold for $1.05 per share*
4. *Resolves that GWRC should accept a fully imputed dividend of 50 cents per share*
5. *Authorises the General Manager, Corporate Services/Chief Financial Officer to sign any documents to effect the sale and dividend.*

The motion was **CARRIED**.

11 **Health, Safety and Wellness update**

David Querido, Manager, Health and Safety spoke to the report.

Report 18.419 File: CCAB-8-1805

Moved *(Cr McKinnon/ Cr Brash)*

That the Council:

1. *Receives the report.*

2. *Notes the content of the report.*

The motion was **CARRIED**.

Committees/Meetings

12 **Report on the Regional Transport Committee meeting, 28 August 2018**

Report 18.401 File: CCAB-8-1797

Moved (Cr Donaldson/ Cr Laidlaw)

That the Council:

1. *Receives the report.*

2. *Notes the content of the report.*

The motion was **CARRIED**.

13 **Report on the Wellington Regional Strategy Committee meeting of 28 August 2018**

Councillor Blakeley introduced to the report.

Report 18.398 File: CCAB-8-1791

Moved (Cr Blakeley/ Cr Donaldson)

That the Council:

1. *Receives the report.*

2. *Notes the content of the report.*

The motion was **CARRIED**.

14 **Exclusion of the public**

Report PE18.399 File: CCAB-8-1792

Moved (Cr Laidlaw/ Cr Brash)

That the Council:

Excludes the public from the following part of the proceedings of this meeting namely:

1. *Confirmation of the Public excluded minutes of 16 August 2018*
2. *Appointment of Chair of the Farming Reference Group and appointment of a member to the Lower Ruamahanga Valley Floodplain Management Advisory Committee.*
3. *Confirmation of the Restricted Public Excluded minutes of 16 August 2018.*

The general subject of each matter to be considered while the public is excluded, the reasons for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered:	***Reason for passing this resolution in relation to each matter***	***Ground under section 48(1) for the passing of this resolution***
1. Confirmation of the Public excluded minutes of 16 August 2018	*The information in these minutes relates to an application for a rates remission. Release of this information would prejudice the applicant's privacy by disclosing the fact that they had requested a rates remission for their property. GWRC has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override the privacy of the individual concerned.*	*That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7(2)(a) of the Act (i.e. to protect the privacy of natural persons.)*
2. Appointment of Chair of the Farming Reference Group and appointment of a member to the Lower Ruamahanga Valley Floodplain Management Advisory Committee.	*The information contained in this report relates to the appointment of the Chair of the Farming Reference Group and the appointment of a member of the Lower Ruamahanga Valley Floodplain Management Advisory Committee. Release of this information would prejudice the proposed members' privacy by disclosing the fact that they have expressed interest in, and are being considered for, appointment to the reference group and advisory committee. Greater Wellington Regional Council (GWRC) has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override the privacy of the individuals concerned.*	*That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7(2)(a) of the Local Government Official Information and Meetings Act 1987 (i.e. to protect the privacy of natural persons).*

3. *Confirmation of the Restricted Public Excluded minutes of 16 August 2018*	*This report contains information relating to the current Chief Executive's full year performance and remuneration review. Release of this information would prejudice the privacy of Greg Campbell, Chief Executive, by disclosing information pertaining to the employment relationship between the Chief Executive and the Council. GWRC has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override his privacy.*	*That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under sections 7(2)(a) of the Act (i.e. to protect the privacy of natural persons).*

This resolution is made in reliance on section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as specified above.

The motion was **CARRIED**.

The public part of the meeting closed at 11:31am.

Cr C Laidlaw
(Chair)

Date:

Please note these minutes remain unconfirmed until the meeting of Council on 31 October 2018.

The matters referred to in these minutes were considered by the Council on 25 September 2018 in public excluded business. These minutes do not require confidentiality and may be considered in the public part of the meeting.

Report PE18.348
25/09/2018
File: CCAB-8-1843

Public excluded minutes of the Council meeting held on Tuesday, 25 September 2018 in the Council Chamber, Greater Wellington Regional Council, Level 2, 15 Walter Street, Te Aro, Wellington at 11:32am

Present

Councillors Laidlaw (Chair), Blakeley, Brash, Donaldson, Gaylor, Kedgley, Laban Lamason, McKinnon, Ogden, Ponter, Staples, and Swain.

Public Excluded Business

1 **Confirmation of the Public Excluded minutes of 16 August 2018**

Moved *(Cr Blakeley/Cr Laban)*

That the Council confirms the Public Excluded minutes of 16 August - Report PE18.348.

The motion was **CARRIED**.

2 **Future Fleet Requirements**

Greg Campbell, Chief Executive, and Andrew Cooper, Programme Director, Bus Services Transformation, spoke to the report.

Report PE18.433 File: CCAB-8-1834

Moved *(Cr Laidlaw/ Cr Donaldson)*

That the Council:

1. *Receives the report.*

2. *Notes the content of the report.*

3. *Requests officers to provide a further report with options to the next Sustainable Transport Committee meeting scheduled for 30 October 2018.*

4. *That the Council delegates relevant decisions to the Sustainable Transport Committee.*

The motion was **CARRIED**.

3 **Appointments to Advisory Bodies**

Report PE18.400 File: CCAB-8-1793

Moved *(Cr Donaldson/ Cr Gaylor)*

1. *Receives the report.*

2. *Notes the content of the report.*

3. *Appoints Rawiri Smith to the Lower Ruamahanga Valley Floodplain Management Advisory Committee.*

4. *Appoints Barbie Barton as Chair of the Farming Reference Group.*

The motion was **CARRIED**.

The public excluded part of the meeting closed at 12:47pm.

Cr C Laidlaw
(Chair)

Date:

Please note that these minutes remain unconfirmed until the meeting of the Council on 31 October 2018.

The matters referred to in these minutes were considered by Council on 25 September 2018 under restricted public exclusion. The minutes do not require confidentiality and may be considered in the public part of the meeting.

Report RPE18.437
25/09/2018
File: CCAB-8-1844

Restricted Public Excluded minutes of the Council meeting held on Tuesday, 25 September 2018 in the Council Chamber, Greater Wellington Regional Council, Level 2, 15 Walter Street, Te Aro, Wellington at 12.47pm

Present

Councillors Laidlaw (Chair), Blakeley, Brash, Donaldson, Gaylor, Kedgley, Laban, Lamason, McKinnon, Ogden, Ponter, Staples, and Swain.

Restricted Public Excluded Business

1 **Confirmation of the Restricted Public Excluded minutes of 16 August 2018**

Moved *(Cr McKinnon/ Cr Donaldson)*

That the Council confirms the restricted public excluded minutes of 16 August 2018 - Report RPE18.349.

The motion was **CARRIED.**

The restricted public excluded part of the meeting closed at 12.47pm.

Cr C Laidlaw
(Chair)

Date:

Please note that these minutes remain unconfirmed until the meeting of the Council on 31 October 2018.

Report 18.455
3/10/2018
File: CCAB-8-1864

Public minutes of the Council meeting held on Wednesday, 3 October 2018 in the Council Chamber, Greater Wellington Regional Council, Level 2, 15 Walter Street, Te Aro, Wellington at 9:30am

Present

Councillors Laidlaw (Chair), Blakeley, Brash, Donaldson, Gaylor, Kedgley, Laban, Lamason, McKinnon, Ogden, Ponter, Staples, and Swain.

Public Business

1 **Apologies**

There were no apologies for absence.

2 **Declarations of conflict of interest**

There were no declarations of conflict of interest.

3 **Public participation**

Graeme Clarke, who advised that he is an advocate for the Tramways Union, spoke to item 5 on the agenda, *GWRC contracts with public transport operators*.

4 **Exclusion of the public**

Report 18.452 File: CCAB-8-1859

Moved *(Cr Donaldson/ Cr Lamason)*

That the Council:

Excludes the public from the following part of the proceedings of this meeting, namely:

1. *GWRC contracts with public transport operators.*
2. *Permits Blair Scotland, Partner, Dundas Street, to remain at this meeting after the public has been excluded because of his knowledge of matters related to GWRC's contracts with public transport operators. Their knowledge will be of assistance in relation to the matter to be discussed.*

The general subject of each matter to be considered while the public is excluded, the reasons for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 (the Act) for the passing of this resolution are as follows:

General subject of each matter to be considered:	***Reason for passing this resolution in relation to each matter***	***Ground under section 48(1) for the passing of this resolution***
1. GWRC contracts with public transport operators	*Certain information to be considered under this agenda item relates to GWRC contracts with public transport operators in the Wellington Region. Release of this information would be likely to prejudice the maintenance of legal professional privilege as a legal briefing will be provided on this matter. GWRC has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override the need to withhold the information.*	*That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7(2)(g) of the Local Government Official Information and Meetings Act 1987 (i.e. to protect information where the making available of that information would be likely unreasonably to prejudice the maintenance of legal professional privilege).*

2. *Permits Blair Scotland, Partner, Dundas Street, to remain at this meeting after the public has been excluded because of his knowledge of matters related to GWRC's contracts with public transport operators. Their knowledge will be of assistance in relation to the matter to be discussed.*

This resolution is made in reliance on section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as specified above.

The motion was **CARRIED**.

Noted: Councillor Ogden requested that his vote against the motion be recorded.

The public part of the meeting closed at 9:38am.

Cr C Laidlaw
(Chair)

Date:

Please note that these minutes remain unconfirmed until the meeting of the Council on 31 October 2018.

The matters referred to in these minutes were considered by Council on 3 October 2018 under public exclusion. The minutes do not require confidentiality and may be considered in the public part of the meeting.

Report PE18.456
3/10/2018
File: CCAB-8-1865

Public excluded minutes of the Council meeting held on Wednesday, 3 October 2018 in the Council Chamber, Greater Wellington Regional Council, Level 2, 15 Walter Street, Te Aro, Wellington at 9:40am

Present

Councillors Laidlaw (Chair), Blakeley, Brash (until 12.24pm), Donaldson, Gaylor, Kedgley, Laban, Lamason, McKinnon, Ogden, Ponter, Staples, and Swain.

Public Excluded Business

1 **GWRC contracts with public transport operators**

Oral report

Greg Campbell, Chief Executive, provided a briefing. Blair Scotland, Partner, Dundas Street Lawyers, provided a legal briefing.

The meeting adjourned at 11:10am and reconvened at 11:25am.

Councillor Brash left the meeting at 12:24pm.

Moved *(Cr Laidlaw/ Cr Staples)*

That the Council requests that a media release pertaining to the matters considered at today's Council's meeting be issued as soon as possible, and that contact be made with the parties on relevant matters.

The motion was **CARRIED**.

The public excluded part of the meeting closed at 1:15pm.

Cr C Laidlaw
(Chair)

Date:

Please note that these minutes remain unconfirmed until the meeting of the Council on 31 October 2018.

Report 18.492
18/10/2018
File: CCAB-8-1965

Minutes of the Representation Review 2018 Hearing Committee meeting held on Thursday, 18 October 2018 in the Council Chamber, Greater Wellington Regional Council, Level 2, 15 Walter Street, Te Aro, Wellington at 9:34am

Present

Councillors Donaldson (Chair), Blakeley, Brash, Gaylor, Kedgley, Laban, Laidlaw, Lamason, McKinnon, Ogden, Ponter, Staples, and Swain.

Public Business

1 **Apologies**

There were no apologies for absence.

2 **Declarations of conflict of interest**

There were no declarations of conflict of interest.

3 **Process for considering submissions for the initial representation proposal for the 2019 triennial elections**

Report 18.440 File: CCAB-8-1841

Moved: *(Cr Lamason/ Cr Blakeley)*

That the Committee:

1. *Receives the report.*

2. *Notes the content of the report.*

The motion was **CARRIED**.

4 **Submissions received on the initial representation proposal for the 2019 triennial elections**

Report 18.439 File: CCAB-8-1839

Moved *(Cr McKinnon/ Cr Lamason)*

That the Committee:

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Considers the information in this report and attachments in determining its findings and recommendations to Council.*

The motion was **CARRIED**.

Noted: The Committee agreed to consider further recommendations following its deliberations on the submissions.

Oral submitters were heard in the following order:

Submitter	**Submission Number**	**Time**
Kara Lipski, Public Transport Users Association – Wellington Branch	3	9:36am - 9:45am
Councillor Fiona Vining, Kapiti Coast District Council	4	9:45am - 10:09am
Mayor Lyn Patterson, Masterton District Council (via telephone conference)	5	10:19am - 10:41am

The meeting was adjourned at 10:42am and reconvened at 10:59am.

The Committee commenced deliberations and revisited further recommendations for Report 18.439.

Moved *(Cr Donaldson/ Cr Lamason)*

That the Committee:

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Considers the information in this report and attachments in determining its findings and recommendations to Council.*
4. *Recommends that the Council adopts the reasons for the acceptance or rejection of submissions, as set out in the table below:*

Item	***Issue***	***Reason for acceptance or rejection of submission***
1	*That the Tawa area should be included in the Wellington Constituency, providing the Wellington Constituency with a sixth Councillor.*	*Rejected. The Tawa area shares a common regional community of interest with Porirua; splitting the Porirua-Tawa Constituency would not provide effective representation for the Porirua-Tawa area. Also, a six member Wellington Constituency for a Council with a total of 13 Councillors would not provide fair representation for the electors of the Wellington Constituency.*
2	*That Councillors should be elected at large.*	*Rejected. Under the Local Electoral Act 2001 a region must be divided into constituencies for electoral purposes.*
3	*That the Council should comprise 11 Councillors: Wellington/Porirua – 6, Kapiti – 1, Hutt Valley – 3, Wairarapa – 1.*	*Rejected. This proposal would not provide effective representation for Wellington Region's distinct communities of interest. Also, it would not provide fair representation for the electors of the Kapiti Constituency.*
4	*That the Council should comprise 14 members, with Tawa included in the Wellington Constituency (total six Councillors), and the Porirua and Kapiti areas combined into a single constituency electing three Councillors.*	*Rejected. The Tawa area shares a common regional community of interest with Porirua; splitting the Porirua-Tawa Constituency would not provide effective representation for the Porirua-Tawa area. This proposal would not provide effective representation for the distinct Porirua and Kāpiti Coast regional communities of interest. Also, it would not provide fair representation for the electors of the Upper Hutt and Wairarapa constituencies.*
5	*That the Kāpiti Coast Constituency should elect two Councillors.*	*Rejected. This proposal would not provide for fair representation of the electors of the Kāpiti Coast Constituency.*

6	*That the proposed Kāpiti Constituency should be renamed as "Kāpiti Coast Constituency".*	*Accepted. "Kāpiti Coast" is acknowledged as the commonly known identifier for this regional community of interest.*
7	*That the Council should comprise 14 members, with two members elected from the Wairarapa Constituency.*	*Rejected. This proposal would not provide for fair representation of the electors of the Wairarapa Constituency.*
8	*That the level of delegation to the Wairarapa Committee should be increased.*	*Rejected. This matter is out of scope of the representation review.*

5. *Recommends that the Council confirms its initial proposal as its final representation proposal for the 2019 elections, subject to the name of the proposed Kāpiti Constituency being changed to "Kāpiti Coast Constituency".*

Voting on part 4 of the motion was taken in parts. Item 1 was put to the vote and was **CARRIED**. Item 2 was put to the vote and was **CARRIED**. Item 3 was put to the vote and was **CARRIED**. Item 4 was put to the vote and was **CARRIED**. Item 5 was put to the vote and was **CARRIED**. Item 6 was put to the vote and was **CARRIED**. Item 7 was put to the vote and was **CARRIED**. Item 8 was put to the vote and was **CARRIED**.

Noted: Councillors Brash and Gaylor requested that their vote against item 5 of part 4 of the motion be recorded. Councillors Laidlaw and Staples requested that their vote against item 8 of part 4 of the motion be recorded.

The meeting closed at 12:04pm.

Cr B Donaldson
(Chair)

Date:

greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

Report	**18.482**
Date	25 October 2018
File	CCAB-8-1956
Committee	**Council**
Author	**Helen Guissane, Programme Lead – Corporate Planning and Reporting** **Mark Ford, Strategic Finance Manager**

Annual Report 2017/18

1. Purpose

To request that Council adopt Greater Wellington Regional Council's (GWRC) Annual Report and Summary Annual Report for the year ended June 2018.

2. Consideration by committee

The matters contained in this report have been considered by the Finance, Risk and Assurance Committee at its meeting on 24 October. Officers have made all the changes arising from the Committee's consideration of these matters.

3. Background

Under the Local Government Act 2002 the Council must prepare and adopt in respect of each financial year an annual report and a summary annual report within four months after the end of the financial year to which it relates.

The Annual Report reports against the Long Term Plan 2015-25 on the achievement of financial and non-financial performance measures, and includes the audited financial statements for the Council and its subsidiaries, reported as a group.

Jacques Coetzee, Associate Audit Director, from Audit New Zealand will be in attendance at the Council meeting on the 31 October 2018 to summarise the results of the annual audit and to answer any questions that Council may have. Audit New Zealand has issued its audit opinion which will be provided to the Council for adoption as part of the Annual Report at its meeting on 31 October.

4. Non-financial performance

The Annual Report compares Greater Wellington's performance against the key programmes and projects, and performance measures as outlined in the Long Term Plan 2015-25 and any changes to the Long Term Plan as outlined in the Annual Plan 2017/18.

Overall Greater Wellington had a strong year and has achieved the majority of the performance measures outlined in the Long Term Plan 2015-25. This year we have included a graphic of the overall results, which shows that of the 106 targets, 74 percent (79 targets) were achieved.

In addition to reporting on the statutory requirements, the Annual Report is an opportunity to highlight some key and often untold stories from the year. This year's annual report and summary annual report highlights four such stories and we have also included some key data for the year.

A consideration in preparing the Annual Report this year is to what degree we refer to the challenges rolling out the new bus network which occurred in the current financial year, i.e. not within the scope of the Annual Report 2017/18. We have elected to make reference to the implementation issues with the roll-out of the new network and a fuller report with form part of the next Annual Report.

5. Financial performance

Greater Wellington continued to focus on enhancing its financial management and sound financial position. We performed strongly in managing operating costs and debt levels.

The year-end net deficit of $7.6m was $23.7m higher than was budgeted for. There have been many contributing factors, the primary ones being the unfavourable fair value movement of interest rate derivatives (swaps), additional water treatment costs at the Waterloo treatment plant, extended pre-capitalisation phases of the alternate water source, KiwiRail network insurance, other PT transformation costs, remediation of a prior year rates issue, and lower NZTA grants.

This is partially offset by higher public transport fare revenue, timing of trolley bus decommissioning, savings on an interim ticketing solution, additional interest earned from prefunding of debt, Emission Trading Scheme proceeds, and Kaikoura earthquake related insurance revenue.

The operating surplus was $1.1m. The difference between this and the overall deficit of $7.6m was primarily driven by the fair value movement of interest rate derivatives (swaps). Interest rates declined further during the year which meant the swaps were fixed at a rate above what was expected. The additional cost of this fair value movement has impacted the result. There was also an impact of a change to the stadium advance to align this with WCC. The extension of the repayment term meant the fair value of the loan reduced.

Greater Wellington invested $65.7m in the Region's infrastructure with key programmes of work across the organisation. Capital expenditure was $16.9 million favourable to budget primarily due to timing of Public Transport-related projects, off-set by RiverLink property acquisition timing and additional costs for the Waterloo water quality project.

Greater Wellington had a strong performance against its financial measures. Refer to the full Annual Report for these.

6. Reserves

A detailed analysis of reserve movements during the 2017/18 year is provided, along with explanations of variances between budgeted and actual reserve movements (**Attachment 3**). All variances between budgeted and actual reserve movements are required to be approved by the Council as part of its adoption of the Annual Report 2017/18.

The Council has four types of reserves which are categorised as follows:

- *Reserves for each different area of benefit*

  These reserves are used where there is a discrete set of rate or levy payers as distinct from the general rate, for example, Regional Water Supply, Public Transport, River Rates and the Wairarapa Schemes.

  Any funding surplus or deficit relating to these areas of benefit is applied to the specific reserves, in proportion to their respective revenue and financing policy ratios.

- *Contingency reserves*

  Greater Wellington has traditionally set aside reserves that can be made available when a specific unforeseen event occurs, for example, the flood contingency reserve.

  The release of these funds generally can only be approved by a Committee and/or the Council. There is some delegation to the Chief Executive and General Managers. These reserves are long-term in nature.

- *Special reserves*

  Greater Wellington's special reserves are the Election Reserve and Corporate Systems Reserve. The reserves smooth the costs of elections and system upgrades.

- *Reserves where there has been rebudgeting of expenditure*

  If a specific project has not been completed during the financial year, and if it is appropriate, it is rebudgeted for the following year.

  Funds are made available in the following year for these projects. The main mechanism for this is the use of a reserve, so that Greater Wellington does not rate the community twice for the same project.

7. Communication

A press release has been prepared for release following the Council meeting to adopt the Annual Report 2017/18 on 31 October 2018. It is anticipated there will be media interest due to the implementation issues with the Wellington bus network. Despite this being outside of the reporting period it is intended to reference this in the press release.

The Council is required within one month of adoption of the Annual Report, to make the report and a summary report available to the public. Limited hard copies of the full Annual Report will be produced, however the Summary Annual Report will be produced in larger numbers and distributed widely throughout the region. A copy of the designed Annual Report will be tabled at the Council meeting.

In addition, the key stories in the Annual Report will be promoted through social media.

8. Consideration of climate change

The matters addressed in this report are of a procedural nature, and there is no need to conduct a climate change assessment.

9. The decision-making process and significance

The matters requiring decision in this report have been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act). Part 6 sets out the obligations of local authorities in relation to the making of decisions.

9.1 Significance of the decision

Officers have considered the significance of the matter, taking into account the Council's significance and engagement policy and decision-making guidelines. Officers recommend that the matter be considered to have medium significance.

In accordance with section 98 of the LGA, the Council is required to formally adopt the Annual Report within four months after the end of the financial year to which it relates.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

9.2 Engagement

In accordance with the significance and engagement policy, officers determined that no engagement on the matters for decision is required.

10. Recommendations

That the Council:

1. ***Receives** the report.*
2. ***Notes** the content of the report.*
3. ***Approves** the net amounts, in addition to those budgeted, being added to or (deducted from) the respective reserves as outlined in Attachment 3.*
4. ***Adopts** the Annual Report and Summary Annual Report for the year ended 30 June 2018.*

5. ***Authorises*** *the Council Chair and Chief Executive to make minor changes that may arise as part of finalising the audited Annual and summary Annual Reports for the year ended 30 June 2018.*

Report prepared by	Report prepared by	
Helen Guissane Programme Lead – Corporate Planning and Reporting	**Mark Ford** Strategic Financial Manager	

Report approved by	Report approved by	Report approved by
Nicola Shorten Manager, Strategic and Corporate Planning	**Dave Humm** Chief Financial Officer	**Luke Troy** General Manager, Strategy

Attachment 1: Annual Report for the year ended 30 June 2018
Attachment 2: Summary Annual Report for the year ended 30 June 2018
Attachment 3: Explanations of Unbudgeted Reserve Movements for the year ended 30 June 2018

greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

Greater Wellington Regional Council

Annual Report 2017/18
Pūrongo ā Tau 2017/18

Inside Cover

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Auditors
Audit New Zealand on behalf of the Auditor-General

Bankers
ANZ Bank New Zealand Limited

Treasury advisers
PwC New Zealand

Chair’s foreword – Kōrero whakataki a te Heamana

This last year saw us build the roadmap for the next 10 years through the creation of our Long Term Plan. Alongside this, we asked the community to provide feedback on the way we fund our public transport and flood protection. There was vigorous discussion within the community and we really valued the fact that our ratepayers were open and honest in talking to us about preferred options.

It is important for us, as your elected representatives, to ensure our decisions are robust, tested and based on providing the best for the region across all of the major areas in which we work: water supply, environmental protection, biodiversity, regional resilience and public transport. Over the year $65 million was invested in future proofing critically important infrastructure and the region is safer and more resilient as a result. Some projects have taken longer than originally expected to bring to fruition due to the need to take more time to consider options with affected communities.

We have continued to strongly encourage a joined-up approach among the councils of the region to deal with the many collective challenges we face and the level of regional collaboration has been steadily strengthened over the year.

During the past 12 months, both Council and our staff at Greater Wellington have been focused on launching the Public Transport Transformation Programme in which our Metlink bus services would be transformed to accommodate the future needs of our region.

With such a large-scale change, which has a tangible effect on almost everyone in the community, we worked extremely hard to prepare the region for the changes. While the transformation for Wellington City wasn’t launched in the 2017/18 financial year, it is important to note that the launch in July of the new bus network led to considerable public dissatisfaction.

The changes were always going to be confusing and disruptive, and the public response to them emotional, because for so many people across the region there is a personal connection to our public transport network. The decommissioning of the trolley bus network was a large shift for many in our community, but it was necessary in order to build a new, more flexible network with the introduction of modern electric buses across the region.

At the time of writing, there are still some public concerns about the quality of the bus service in parts of Wellington City. Our goal remains to deliver excellent public transport within the region and we are confident that goal is achievable.

Chris Laidlaw

Chief Executive's foreword – Kōrero whakataki a te Pou Whakahaere

As a regional council we are uniquely placed to touch our customers' lives. Everything we do is to enhance the lives of our diverse and proud communities. During the past year, we have been enhancing the way we share the stories of what we are doing every day in your communities to make a better future for our extraordinary region.

This year, our customers were engaged with us as we collectively built the path for the next 10 years through our Long Term Plan. You told us, through the record number of submissions on that plan and the concurrent Revenue and Financing Policy, what you thought of our proposals. We listened and acted on your views.

We have been telling our story digitally this year. We have shared how the work we do has an impact on our customers and shown sides of our organisation that are not always apparent to the public.

Due to the breadth of the work we deliver on behalf of the region, there are some services we provide that receive more attention from the public and the media. However, it's important to us that we still share the lesser known stories.

For every bus or train that takes you on a journey through our region, and for every adventure you discover within our regional parks, there is an equally fascinating story of our people working behind the scenes. They help to ensure we continue to build on what we do best and protect what you value the most.

In this Annual Report we are shining a light on the lesser known work of our people as they take care of the things that really matter. Whether it is cultivating native trees to enhance our natural assets, controlling pests or creating a highly ambitious plan for water management through our Whaitua Committees, I hope you take the time to read the stories of the positive impact Greater Wellington is having every day in your region.

As we lead the region forward, we are not able to work alone. We have enjoyed a strengthened relationship with the communities we serve and our partners, including mana whenua, and local and central government. We trust these will continue to grow as we work together to build a brighter tomorrow.

This was highlighted for us this year when we were awarded an AA rating in the Local Government New Zealand CouncilMARK™ excellence programme – one of only two councils to achieve this high a mark in the programme. The independent assessors noted a near-universal acknowledgement that the council is now operating as a highly collaborative partner.

Finally, I thank all of the officers who are at the frontline of the work we do to deliver on our shared vision for this region. I appreciate the dedication of all the Greater Wellington staff and I am proud to present this report demonstrating what we have achieved during the past year.

Greg Campbell

Message from the Chair of Ara Tahi

As kaitiaki and mana whenua of the region, our traditional practice of kaitiakitanga has developed from centuries of observation and experience from which our knowledge and cultural practice is based. This knowledge, handed down from our ancestors, ensures that our footsteps on the environment have a positive influence for our future generations.

Since 1993, we have committed to a relationship with council that manifested in 2013 as a Memorandum of Partnership. The partnership recognises our dual roles in the management of the region and our responsibility to plan wisely for the future. We work alongside each other to embed our respective knowledge to achieve the best outcome for our community.

During 2017/18, our partnership with Council has achieved the following:

- Working in partnership at all levels – Ara Tahi, Te Upoko Taiao and ensured Māori representatives are appointed to standing committees of Council

- Influencing and embedding our cultural heritage and values through policy, strategy, and Council’s programmes of work including:
  - proposed natural resources plan
  - Whaitua implementation planning
  - integrating catchment management
  - park management

We are pleased with the partnership approach to the management of the region. We have also recognised the genuine desire within Council to continuously improve opportunities for mana whenua across all areas of Council’s operations. Our partnership has spanned 25 years. In 2018/2019, mana whenua and Council are reviewing our partnership to plan our next 25 years. We will utilise what we look to our past for, to inform our way forward. We look forward to our next 25 years with the Regional Council.

Me huri whakamuri, ka titiro whakamua – Utilising our past to inform our future

Mahinarangi Hakaraia

Community outcomes – Ko ngā Hua mō te Hapori

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

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

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

Our place in your world – Ko te Wāhi ki a Mātou

Total staff: 455
Female: 191
Male: 264

Our region

- Makes up 3% of New Zealand's total land area from Wellington City in the south to Ōtaki on the west coast and Pukaha Mt Bruce in the east.
- An area of 8,049 km
- Responsible for 320km rivers and 280km of stopbanks

- On the first anniversary of the 2016 Kaikoura earthquake, communities took part in a **Tsunami Hikoi** practising drop-cover-hold and tsunami evacuation
- We received national and international recognition for the innovative design and content of our **Earthquake Planning Guide**

- Rail patronage grew by more than 400,000 passenger journeys

More than 2,000 responses were received during public engagement on Let's Get Wellington Moving

- 91 schools representing 24,355 students participated in the active travel initiative **Movin March**
- **Pedal Ready cycle skills training** was delivered to 6,000 adults and children
  - 148 children and five adults taught to ride a bike for the first time
  - 104 adults took part in electric bike taster sessions

- 1.8 million visits across the parks network
- 95% visitor satisfaction with their park experience
- 35,000 camping nights at campgrounds at Kaitoke, Battle Hill and Belmont Regional Parks
- 35,000 trees planted on six parks

3,600 tonnes of rock was placed along river banks to repair erosion damage and maintain river alignments

11,900 willow poles were planted to strengthen river buffers

Financial overview of our performance

This overview provides a summary of the major aspects of our financial management and results for the 2017/18 year.

We have produced this overview to give Greater Wellington residents a snapshot of our finances. Full details are provided later in the report, including financial statements and the costs of providing services for each activity, comparing what was spent with what was budgeted.

Greater Wellington continued to focus on enhancing its financial management and sound financial position. We performed strongly in managing operating costs and debt levels.

The year-end net deficit of $7.6m was $23.7m unfavourable to budget. There have been many contributing factors, many of which have an offsetting effect. The primary drivers are the unfavourable fair value movement of interest rate derivatives (swaps), additional water treatment costs at the Waterloo treatment plant, extended pre-capitalisation phases of the alternate water source, KiwiRail network insurance, other PT transformation costs, remediation of a prior year rates issue, and lower NZTA grants.

This is partially offset by higher public transport fare revenue, timing of trolley bus decommissioning, savings on an interim ticketing solution, additional interest earned from prefunding of debt, Emission Trading Scheme (ETS) proceeds, and Kaikoura earthquake related insurance revenue.

Greater Wellington invested $65.7m in the region’s infrastructure with key programmes of work across the organisation. Capital expenditure is $16.9 million favourable to budget primarily due to timing of Public Transport-related projects, off-set by RiverLink property acquisition timing and additional costs for the Waterloo water quality project.

$315.6 million
revenue from rates, grants
& other sources

$314.5 million
costs of running the
Greater Wellington region

$7.6 million
net surplus after
tax for 2017/18

$4.23
costs of delivering all Council
services per rating unit per day

$1.5 billion
of total assets
managed by GWRC

$379.6 million
borrowing position at
the end of 2017/18

$ 65.7 million
capital spend for 2017/**18**

AA credit rating
with Standard & Poor
indicating good financial health

Putting a spotlight on some of the smaller things we do

The following pages highlight some of Greater Wellington's hidden gems – work we do that often is not recognised.

Akura Nursery – enhancing our local environment, one seedling at a time

On more than 42 hectares near Masterton, a small number of dedicated Greater Wellington staff at Akura Nursery work through the coldest months to provide over 280,000 seedlings, and 345,000 poplar and willow trees and seedlings to the region. These plants prevent erosion, enhance soil quality, protect our waterways, increase the region's biodiversity and sequester harmful carbon emissions.

The nursery was developed 33 years ago primarily so we could grow our own poplar and willow trees. This was to meet the demand from our land management teams, who work with farmers across the region to ensure soil quality and hillside erosion is controlled by planned plantings. Developing our own nursery allowed us to create a highly managed system that meets our specific needs. The trees also play a critical role in our flood protection work and riparian planting projects.

Across the 42 hectares are hundreds of planted rows, which accommodate about 20 varieties of poplar and willow trees. The trees are pruned, harvested, and bundled by contractors to prepare them for distribution. Each variety of tree is grown for a specific environment – coastal plantings, swampy land or hillside farms. Both the Akura staff and the land management advisors work hard to ensure that they are providing the right plant for the right spot.

The staff who tend Akura are justifiably proud of what they have achieved in the nursery. In 2007 a retail section was added, selling more than 50 species of native plants propagated from seeds and eco-sourced from across the Wairarapa, alongside fertilizer, spades and other equipment. With the increasing number of lifestyle blocks in the area, the retail side is becoming increasingly popular and customers appreciate the staff's sound advice.

Since the introduction of the retail section, the Akura Nursery has become one of the only nurseries of its kind. It doesn't require any ratepayer funding to provide the willow, and poplar trees for the land management work undertaken across the region. All revenue from retail sales is put back into the nursery to upgrade equipment and fund day-to-day operations.

Akura Nursery is a one-stop shop where you can get the plants and advice to allow those plants to thrive and protect our biodiversity for the future.

Ramaroa – bringing our rich Māori, European and natural heritage to life

The rich Māori, European and natural heritage of Queen Elizabeth Park is on display with the opening of the award-winning Ramaroa Heritage Centre at Mackays Crossing. Ramaroa comprises a large meeting room capable of seating 60 people. This space can be booked by community groups and other organisations for their own activities or to learn more about the park.

The name Ramaroa is Māori in origin with 'rama' meaning light and 'roa' meaning long. Ramaroa can be interpreted as eternal flame or guiding light, projecting a radiance that invites and connects the community and visitors to the park. Naming the building Ramaroa reaffirms the significance of an ancestral connection for the local hapū and iwi, Ngāti Toa Rangatira, Ngāti Haumia and Te Ātiawa ki Whakarongotai.

In addition to providing a name, the iwi and hapū were involved every step of the way towards its establishment. They provided a cultural impact assessment, set up archaeological protocols for artefacts found during excavation and cultural monitoring during earthworks, blessed the site before commencement, designed the kowhaiwhai panels and whakairo (carving), and led the dawn opening ceremony. The project and building represent our partnership with mana whenua in action.

When designing Ramaroa, architect Ben Gilpin drew inspiration from the park's rich and diverse history, from its lengthy Māori heritage as well as US Marines occupation during World War Two. The building, which has been recognised with two 2018 Wellington/Wairarapa Architectural Design Awards, a 2018 NZ Signs Award and the Window Association of NZ Design Award 2018, reflects this heritage.

It refers both to the traditional Māori wharenui and the tent structures from the Marine camp. Two separate gable buildings are linked by a gullwing roof. Ramaroa's central support posts are adorned with a Manaia guardianship figure, showing kaitiakitanga for our people, flora and fauna – the taonga of Queen Elizabeth Park. The roof, tilted walls and large decks reference both a traditional Māori 'wharenui' and military style tents used by US Marines who once occupied this area.

Biosecurity – innovation and working with local communities are the way forward

Smothering, strangling, displacing, infecting, browsing, killing. There are many ways pest plants and animals can seriously threaten the health of our native and productive plants and animals and, as a consequencce, undermine our biodiversity and primary production. In the past year we've made great progress in using innovative methods, and exciting new equipment to improve our biodiversity through biosecurity measures.

In Te Ahumairangi Hill we're partnering with Wellington City Council to investigate the successful control of rat numbers *without* poison. This would not only save costs in servicing bait stations each year, but also would reduce the risk to other animals that aren't targets. The replacement-bait of choice? Chocolate. Our biosecurity team has set up several self-setting traps with chocolate lures that are checked every three months.

The rodent numbers are being monitored by tracking tunnels – tubes with ink on the floor that show footprints. These are showing numbers remaining at low levels. The site also has chew cards with peanut butter smeared on them. These let us know what kind of pests are visiting by looking at bite marks left in the cards. They're being used at the Te Ahumairangi Hill to monitor possums, and so far none has been found thanks to the ongoing work around the rest of the town belt. The chew cards are used to great effect throughout the region to understand what pests we're dealing with.

Porirua Scenic Reserve is a beautiful example of lowland kohekohe podocarp and tawa podocarp forest that has been receiving a greater level of protection from our biosecurity staff. We're working with Porirua City Council to tackle several pests, including tradescantia, old man's beard, gorse, broom, possum, stoat, hedgehog, feral cat, ratsand stock that occasionally find a hole in the fence. A total of 214 bait stations control possums and rats, and 31 traps are for stoats, all checked every three months. Since our work started in 1995, there has been a significant increase in birds such as tui and grey warbler, and self-introductions of kakariki and bell bird.

There are other areas where we are starting to see fantastic results after many years of work to control pest animals. A great example is the rook programme. Rooks are large black birds with glossy feathers that are native to Great Britain and Europe. They like to eat crop seedlings. This often means entire paddocks have to be re-sown. From 1985 to 1994, the number of rooks increased tenfold in our region. Since 1992 we've been working hard to bring numbers back down, and in the past 10 years they have decreased across the region by 86% as a result.

Our fleet of vehicles has also been updated with new technology. Our new whisper-quiet electric farm bikes are perfect for night shooting of possum, rabbits and hares as the team can almost silently cover ground. The new e-bikes are also very lightweight and able to manoeuvre on tight tracks, so it's possible to cover a much larger area than-bulky regular motorbikes. The e-bikes are also very environmentally friendly.

We are tackling these and many more biosecurity issues across the region by planning for the next 20 years with the proposed Regional Pest Management Plan 2019-2039. Submissions for the plan ended in July 2018. After public hearings late in 2018, the new plan is on track to be adopted in early 2019.

The Ruamāhanga Whaitua Committee – success through community engagement

The Ruamāhanga Whaitua Committee has worked with the community, scientists and leaders over the last four years studying the whaitua (water catchment area). The study is aimed at understanding whaitua characteristics, the pressures facing it, alongside the cultural, economic, and environmental values the community associate with its waterbodies, and management options appropriate to its unique waterways and communities.

The Whaitua committee members are appointed following a public submission period to form a group of local people tasked with recommending ways to maintain and improve the quality of our fresh water. The Ruamāhanga Whaitua Committee was established in December 2013, and is working to produce a Whaitua Implementation Programme (WIP). That programme will contain recommendations for the integrated management of land and water resources within the catchment and will be set out in GWRC's Natural Resources Plan.

During 2017/18, the committee finalised the full range of recommendations including acceptable limits of water usage for urban and rural users, these recommendations will go on to form their Whaitua Implementation Programme, which will be presented to Council in the first quarter of the next financial year. A Whaitua Implementation Programme describes the ways the community who live within the whaitua want to manage their water now and for future generations, through a range of integrated tools, policies and strategies.

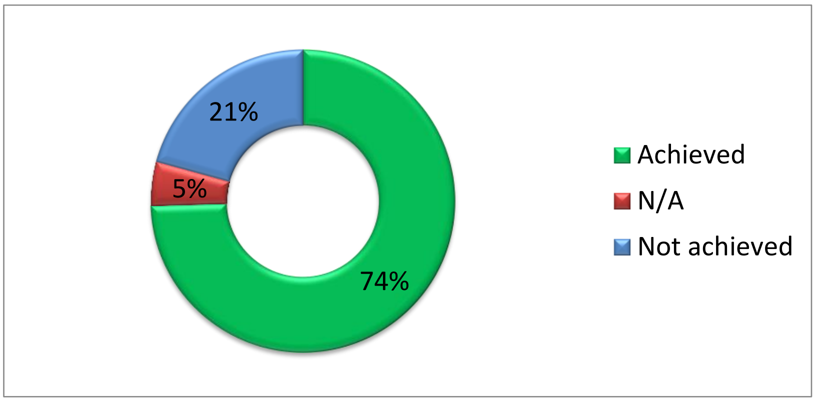
When the recommendations from the Whaitua Implementation Programme are adopted these will be incorporated into our Natural Resources Plan.

Getting to this stage has involved a truly connected community engagement effort. In April/May 2018, the Whaitua Committee went back to speak at community halls where they had met over the previous four years building the plan, to share with the community the draft recommendations. This was part of a long series of engagement sessions and knowledge gathering which had helped shape the Ruamāhanga Whaitua Implementation Programme.

The Ruamāhanga Whaitua Committee was the first committee to be established and reaching this point has shown us the benefits of this collaborative policy development and the confidence, trust and belief the Committee expressed in front of their peers. The credit for producing such a powerful and challenging document goes to the community-led process and ultimately the people of Wairarapa for supporting the committee.

Reaching our non-financial targets

Greater Wellington has a range of annual performance targets for each group of activities, which are set in our Long Term Plan 2015-25. As you can see from the graph below, Greater Wellington has achieved 75 percent of its performance targets for the 2017/18 year.

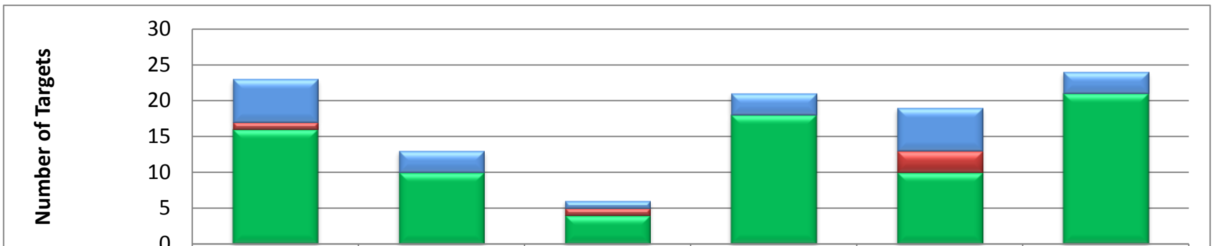


The targets identified as "not achieved', were of a moderate nature, including pre-identified timing changes. They are outlined below:

- The number of applications to join the Warm Greater Wellington scheme was lower than the target, but well in line with this year's expectations
- Greater Wellington's corporate greenhouse gas emissions were not reduced due to the impact of having to move and set up alternative offices as a result of the November 2016 earthquake
- The percentage of hill-country erosion-prone land covered by an active Farm Plan is lower than the target
- The percentage of scheduled Wairarapa services on-time to 5 minutes was well under target and the issues have been addressed in the Long Term Plan 2018-28
- The percentage of significant and environmental non-compliance that is reported within one month
- Whaitua committees implemented did not meet the original programme plan due to the level of community engagement required to reach a mutually beneficial outcome.

By activity group

The following graph provides a breakdown of Greater Wellington's performance against the targets by Activity Group. Further details on our performance against our targets can be found in each section.



	Environment	Flood Protection	Parks	Public Transport	Regional Leadership	Water Supply
Not achieved	6	3	1	3	6	3
N/A	1		1		3	
Achieved	16	10	4	18	10	21

Finances at a glance – He Pūrongo Pūtea

Annual revenue

2016/17 Actual	2017/18 Actual	2017/18 Annual Plan
$296.5m	$315.6m	$318.3m

$153.0 million from rates and water levy

$162.6 million from grants & other sources

Annual expenditure

2016/17 Actual	2017/18 Actual	2017/18 Annual Plan
$295.5m	$314.5m	$311.4m

Capital expenditure

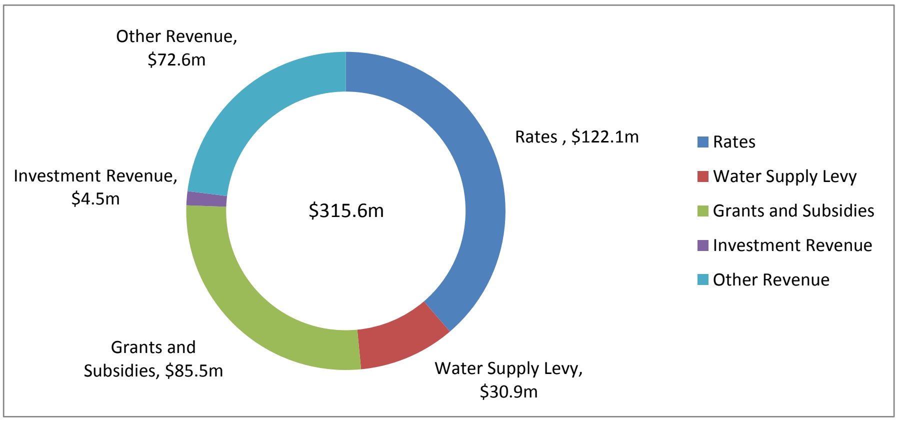
2016/17 Actual	2017/18 Actual	2017/18 Annual Plan
$47.7m	$65.7m	$82.5m

Debt

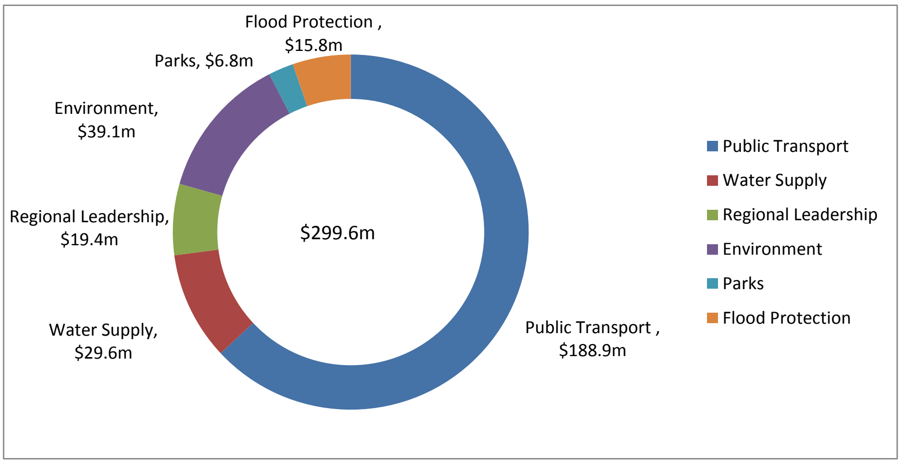
2016/17 Actual	2017/18 Actual	2017/18 Annual Plan
$327.5m	$379.6m	$396.2m

Financial Summary

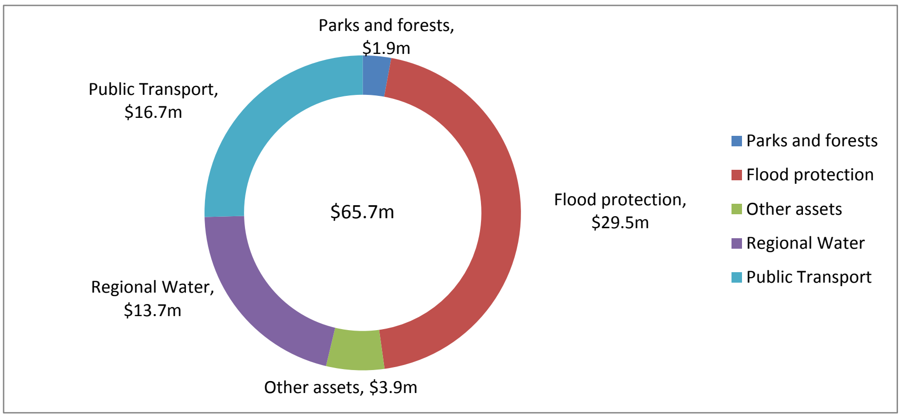
Greater Wellington's revenue is sourced primarily through rates and grants from central government. Other revenue sources include water supply levy, fees, charges and investment income.

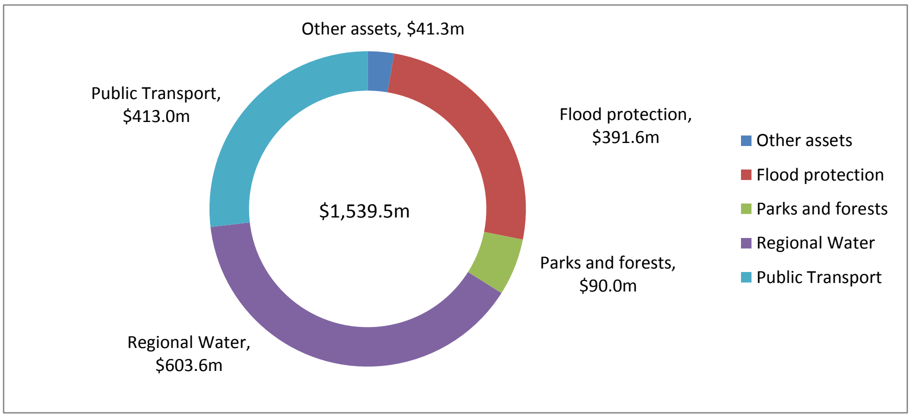


The below pie chart illustrates Greater Wellington's operational expenditure by strategic area outcomes.



Greater Wellington's capital expenditure highlights infrastructure investment in public transport, flood protection, water supply and parks and forests.





The above chart illustrates Greater Wellington's asset base comprising public transport, flood protection, water supply and parks and forests. Public transport includes $398.3m of rail rolling stock and railway station infrastructure owned by Greater Wellington Rail Limited, a Council subsidiary.

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

In our 10 Year Plan 2015-25 and the Annual Plan 2017/18, Greater Wellington set out what we planned to achieve this year. This section of the Annual Report sets out in detail a range of targets and performance measures we set, and a summary of the year's achievements.

Funding-impact statements showing the operating surplus or deficit as well as the capital expenditure for the year, and how that expenditure was funded, is also provided for each activity at the end of this section.

Leading and partnering – making our region extraordinary

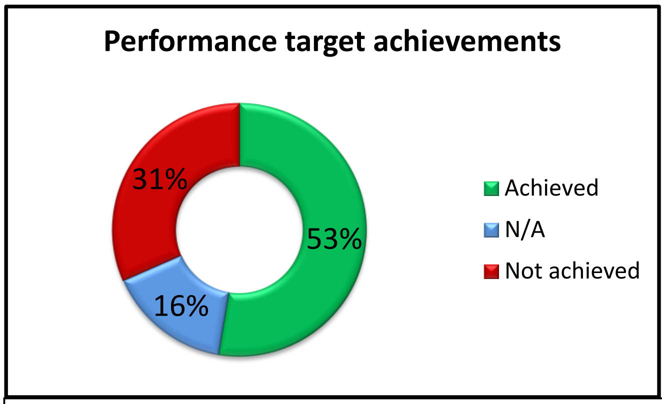
Regional leadership – Ngā Kaihautū o te Rohe

COMMUNITY OUTCOMES:

Strong economy
Resilient community
Connected community

ACTIVITIES:

Relationships with Māori
Wellington Regional Strategy
Regional transport planning and programmes
Climate change planning and activities
Corporate sustainability
Regional initiatives
Emergency Management
Democratic Services



Three performance targets were noted as not applicable. This relates to targets under climate change and emergency management reflecting changes in targets and measurement since being set.

Our Regional Leadership activities focus on developing and maintaining strong relationships and collaborative programmes at a regional level. Economic growth and opportunity, resilient infrastructure, civil defence, a world-class transport network; these are the things that we protect and enhance for everyone across our region.

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

- Taranaki Whānui ki te Upoko o te Ika, which is represented by the Port Nicholson Block Settlement Trust
- Ngāti Toa Rangatira, who is represented by Te Rūnanga o Toa Rangatira Inc
- Ngāti Raukawa ki te Tonga, who is represented by Ngā Hapū ō Ōtaki
- Te Ati Awa ki Whakarongotai, who is represented by the Atiawa ki Whakarongotai Charitable Trust
- Ngāti Kahungunu ki Wairarapa, who is represented by the Ngāti Kahungunu ki Wairarapa Charitable Trust
- Rangitane o Wairarapa, who is represented by Rangitāne ō Wairarapa Inc

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

Relationships with Māori

Greater Wellington recognises the important role mana whenua hold as the kaitiaki of our region. We work closely with iwi to ensure that their voice is heard and understood. There are significant benefits to working in partnership with mana whenua. A partnership builds trust, facilitates communication, enables each party to share information and resources that results in improved understanding and outcomes of mutual benefit.

The year in summary

In 2017/18, mana whenua were engaged across all areas of our organisation. Our partnership can be seen in action through mana whenua representation in Greater Wellington working groups and committees, through the way we plan and the projects we deliver.

Council has worked closely with iwi on a range of activities during the year, including: development of the Long Term Plan 2018-28, which enabled mana whenua the opportunity to influence the long term direction for council; and council strategies that enable mana whenua to articulate their cultural heritage and values. We have continued to support the Treaty Settlement processes for Ngāti Kahungunu and Ngāti Rangitāne. Also, we continue to advance our Integrated Catchment Management Agreement for the Ōtaki River with Ngā Hapū o Otaki, which sets out cooperative processes to improve outcomes in that area.

Three of our mana whenua have been key participants in Whaitua Implementation Planning and we continue to work with iwi to develop Cultural Health Monitoring Frameworks and Iwi Management Plans. These significant pieces of work ensure that both mātauranga Māori and scientific knowledge are considered when assessing and monitoring the health status of the environment.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 Actual	Achieved / Not Achieved
Greater Wellington has the organisational capability and capacity to work with Māori	Percentage of staff who have completed Te Ara Matua training and other individualised training	11%	13%	20%	Achieved
	NEW TARGET: Percentage of general and senior managers who have completed Te Ara Matua training and other individualised training	13%[1]	13%	11%	Not achieved [2]
Provide opportunities for Māori to be actively involved in decision making	Completion of actions identified in the Wellington Regional Council stocktake of obligations to Māori	No baseline – stocktake report was pending.	TBC on receipt of stocktake report	This work has been deferred to align with the review of the partnership under way in 2018/19[3]	Not achieved

No unplanned activity

[1] Baseline of 13% established in 2016/17 Annual Report
[2] Training not included in this result includes working with senior staff on support for one off meetings.
[3] Recommendations from the Stocktake are planned to be included in the Māori Partnership Framework Implementation Plan.

Wellington Regional Strategy

The Wellington Regional Strategy (WRS) is the region's economic development strategy, which aims to strengthen the region's economy while creating an environment which highlights that we are an attractive and innovative place in which to work and live, now and into the future. The WRS Office coordinates some of the focus areas in the strategy and supports the WRS Committee, who provide political leadership and oversight of the work undertaken. The Wellington Regional Economic Development Agency (WREDA), which is a joint council controlled organisation with Wellington City Council, is responsible for implementing much of the Wellington Regional Strategy.

The year in summary

Early in the year, the WRS Committee, supported by the WRS Office, began developing a Wellington Regional Investment Plan (WRIP). The plan will identify the transformational projects that will drive economic growth across the region and provide the basis for discussion with central government and other partners. The early focus has been on research and economic analysis, which is guided by a steering group of senior staff from the region's councils, Wellington Regional Economic Development Agency (WREDA) and the New Zealand Transport Agency. Workshops have been held with stakeholders from across the region as well as council chief executives and mayors.

After discussions with Ara Tahi about the Wellington Regional Investment Plan, it was agreed that a Māori Economic Development Strategy and action plan would be developed. When completed, this plan will be integrated into the Wellington Regional Investment Plan, as well as providing a focus for action for the Māori economy. As a first step in this process, a report on the Māori economy in the Wellington Region has been completed and presented to Ara Tahi and the WRS Committee.

A targeted series of business forums were held to further develop the research on 'people skills' in a technology era. They were completed by Victoria University (with support from the WRS Office) over the past couple of years. These forums were run were in partnership with Victoria University and the Gold Awards. The aim was to identify opportunities and issues for the region in the future labour market area. It forms part of the work in developing a regional labour market plan.

Support was provided to WREDA, in partnership with the Department of the Prime Minister and Cabinet, to develop a resource for businesses on making it easier to employ interns. The initial focus was on developing a web-based resource for cyber security businesses to encourage development in this industry, but with the ability to be extended to all industries.

Information and support has been provided to develop a business land demand report, required under new legislation (National Policy Statement on Urban Development Capacity) for high growth areas.

The WRS Office continues to coordinate meetings of the Wellington Economic Development Managers Group, which is a forum for sharing information and coordinating economic development projects across the region's councils.

Our key projects and programmes

What we said we would do	What we did
Provide regional economic reports, forecasts, indicator tools and analysis	Annual economic profiles including: - The Genuine Progress Index (GPI) was updated - Infometrics regional report - The 2018 Quality of Life survey for the Wellington region We also developed an economic forecasting model with employment and population implications for the region.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 Actual	Achieved/ Not Achieved
Promote economic growth in the region through the WRS Office, the WRS Committee and WREDA	Completion of projects in accordance with the WRS Office annual business plan	5	100% projects completed per WRS Office annual business plan.	100%	Achieved [4]

Unplanned activity

The Wellington Regional Strategy Office has supported the development of a Wairarapa Economic Development Strategy and Action Plan, in parallel with the development of the Wellington Regional Investment Plan. This plan will be integrated into the wider regional plan and will also provide the Wairarapa with a strong, focused plan for growth. Several workshops were held with iwi and other key stakeholders in Wairarapa.

[4] Seven projects completed or progressed as per business plan.

Regional transport planning and programmes

The Regional Land Transport Plan (RLTP) is a long-term plan to transform Wellington region's transport network to a world-class, efficient and sustainable network that integrates public transport, private vehicles, cyclists and pedestrians. It includes a six-year programme of activities to be undertaken by all Approved Organisations (including the New Zealand Transport Agency and all councils). The RLTP is developed by the Regional Transport Committee (a committee of Greater Wellington) and approved by Greater Wellington.

The year in summary

A significant project was completed with the mid-term review of the Regional Land Transport Plan. The main focus of the review was to update the regional programme of transport projects for 2018-21. This programme is our region's bid for central government funding from the National Land Transport Fund for the transport projects and activities in the region. It includes the projects of all of the territorial authorities, NZ Transport Agency and Greater Wellington, and will be used to input to the National Land Transport Plan.

The new Government Policy Statement has led to significant change within the transport sector, with an increased emphasis on safety, public transport, walking and cycling. This requires correspondent responses to the signals and policy announcements to ensure the region is well placed to put forward a coherent programme.

Active involvement in a range of large transport projects in the region continued, most significantly the Let's Get Wellington Moving project. Let's Get Wellington Moving aims to provide for Wellington's population growth, and enhance liveability and improve access through transport and urban realm improvements in central Wellington City. We continued to lead investigations into options for better organising of regional transport analytics to inform better decision making, and worked jointly with the Public Transport Policy Team to prepare a park and ride strategy for the region.

Planning advice and advocacy was provided on integrated transport on behalf of the region at national transport forums, and submissions prepared on a wide range of documents, including the new Government Policy Statement and proposed district plan changes.

A suite of programmes promoting the use of safe and sustainable transport to help ease issues of congestion and road safety, resulted in 6,000 adults and children being taught cycle skills across the region, 2,405 people from 286 organisations participating in the Aotearoa Bike Challenge 2018 – Wellington, and 91 schools representing 24,355 students participating in Movin' March, the active travel promotion for schools.

Our key projects and programmes

What we said we would do	What we did
Regional freight network programme business case	This has been subsumed into the Let's Get Wellington Moving and port programmes.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 Actual	Achieved/ not achieved
Maintain a current policy framework to guide development of the regional land transport network	Maintain an operative Regional Land Transport Plan (RLTP) and develop Programme Business Cases (PBC) to support implementation of the plan	No baseline	100%	100% RLTP mid-term review completed	Achieved
	Completion of annual monitoring report and acceptance by RTC	No baseline	As scheduled	Completed	Achieved [5]
Coordinate and deliver programmes which promote and encourage sustainable and safe transport choices	Percentage of stakeholders and partners who rate coordination services and resources satisfactory or higher	87%	90%	94%	Achieved
	Mode shift in workplace and school travel plan programmes	4% increase in active travel trips to school for school travel programme. 5% increase in cycling trips and 22% decrease in car trips for Active a2b.	Workplace and school travel programme participants increase their use of sustainable transport modes	Workplace and school travel programme participants increased their use of sustainable transport modes.[6]	Achieved

[5] The Annual Monitoring Report can be found on the GWRC website at http://www.gw.govt.nz/assets/2016-17-Annual-Monitoring-Report-for-RLTPWeb.pdf.

[6] There was a 74% increase in Movin March figures and a 58% increase in the Aotearoa Bike Challenge.

Climate change planning and activities

We are proactively addressing the challenges climate change is going to bring to the region. At Greater Wellington we are committed to using the best scientific information to plan for our future, as well as prioritising initiatives that will help the region move to a low carbon economy. We strive to mitigate, adapt to and raise awareness about the effects of climate change on our communities.

The year in summary

Greater Wellington continues to champion climate change preparation and awareness, through our Climate Change Consideration Process. This requires all new initiatives and all council and committee decisions to include a climate change assessment and ensures we have a consistent, organisation-wide system that enables the council to assess emissions associated with an activity and to consider how the changing climate could affect Greater Wellington's functions and services.

In 2017, Greater Wellington commissioned NIWA to analyse the impact of climate change in the region and report on up-to-date projections and other key information. This report was released in August 2017 and has been made available as online interactive GIS maps https://mapping1.gw.govt.nz/GW/ClimateChange_StoryMap/#.

A Wellington Region Climate Change Working Group was established in late 2017. It provides a forum for all councils in the Wellington Region to network, discuss issues, share information and where appropriate, achieve a consistent approach across all jurisdictions on climate change mitigation (reducing greenhouse gas emissions) and adaptation (preparing for impacts such as sea level rise, drought and enhanced natural hazards effects).

During the year, Greater Wellington's Chair, along with 38 other mayors and regional council chairs, signed a Local Government Leaders Declaration on Climate Change. A Local Government Position Statement on Climate Change was also released, which details key actions and policy changes to manage the effects of climate change on New Zealand's communities. The objective is to provide a focus on key joint central and local government actions and policy changes needed to manage climate change effects on communities.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 target	2017/18 Actual	Achieved/ not achieved
Strengthen the long-term resilience and sustainability of the Wellington region through climate change mitigation, adaptation and awareness	A Climate Change Strategy Implementation Plan is developed and agreed	N/A	Milestones achieved as defined in Implementation Plan.	Milestones were not defined, however a summary of progress to date will be reported to the Environment Committee[7]	N/A
	Greater Wellington's corporate GHG emissions are measured and reported and a reduction in council emissions is demonstrated	N/A[8]	Reduction on previous year.	2015-16 GHG emissions: Corporate Emissions 1,256[9] tonnes $CO_{2\text{-}e}$. 2016-17 GHG emissions: Corporate Emissions = 1,528 tonnes of $CO_{2\text{-}e}$. 2017-18 GHG emissions: Corporate 1,629 tonnes of $CO_{2\text{-}e.}$	Not achieved [10]
	A policy of assessing the climate change implications of all council projects/proposals is implemented	N/A[11]	100% of council projects/proposals are assessed in terms of possible climate change impacts.	All council projects/proposals are assessed. The process for assessing the climate change was implemented in May 2017.	Achieved

No unplanned activity

[7] There are no milestones identified in the strategy; however several initiatives are identified which are reported on to the Environment Committee. The Climate Change Strategy Implementation Plan progress report will be presented to the Environment Committee in September 2018.
[8] Baseline established in 2015/16.
[9] Adjustment from previously reported 2015/16 total of 1,126 $tCO_{2\text{-}e}$ due to improved methods of calculation.
[10] The uncertainty of long-term office accommodation post-earthquake is preventing investment in reducing office-related emissions and further electric vehicle charging investment, and improvements in calculation methods for employee commute have significantly increased overall GHG emissions totals. While eight electric and hybrid vehicles are operational, most fleet vehicle options are limited to off-road diesel vehicles.
[11] Policy developed and agreed by council in 2015/16.

Corporate sustainability

Greater Wellington has established greenhouse gas corporate emissions monitoring and reporting to help enable the council to better understand and track its emissions reduction progress. Main sources of Greater Wellington's corporate emission include workplace travel, employee commute, and electricity use. The table below details Greater Wellington corporate emissions by source for the 2017/18 financial year in tonnes of carbon dioxide equivalent ($tC0_{2\text{-}e}$). As noted, under the Climate Change performance measures, the uncertainty of long-term office accommodation post-earthquake is preventing investment in reducing office-related emissions, further electric vehicle charging stations; and improvements in calculation methods for employee commute have significantly increased overall GHG emissions totals. While eight electric and hybrid vehicles are operational, most fleet vehicle options are limited to off-road diesel vehicles.

Source	Tonnes $CO_{2\text{-}e}$	Corporate %	% of Total
Scope One Emissions: from sources owned or controlled by GWRC			
Back-up generators	0.1	0.01%	0.0%
Gas	44.5	2.73%	1.1%
Vehicle Fleet	596.5	36.61%	14.6%
Scope Two Emissions: from the generation of electricity purchased by Greater Wellington			
Electricity	350.7	21.53%	8.6%
Scope Three Emissions: occur as a consequence of Greater Wellington activities but from sources it does not fully own or control			
Electricity transmission & distribution	28.6	1.76%	0.7%
Gas transmission & distribution	5.2	0.32%	0.1%
Taxi (business travel)	4.1	0.25%	0.1%
Rental vehicles (business travel)	0.06	0.00%	0.0%
Air travel (business travel)	101.2	6.21%	2.5%
Bus and train (business travel)	21.7	1.33%	0.5%
Employee commute	414.9	25.47%	10.1%
Waste to landfill	24.5	1.50%	0.6%
Recycling	35.2	2.16%	0.9%
Bulk water service emissions (Wellington Water)	2,458.8	(excluded)	60.1%
Corporate emissions	1,629.2	100%	
Total emissions	4,088.0		100%

[Table footnote:]

Emissions under the domain of Wellington Water, a separate Council Controlled Organisation, are excluded from the corporate emissions category, and included in total corporate emissions calculations.

Transport

Most of Greater Wellington's corporate emissions are from the fuel used to run its vehicle fleet, city vehicles and off-road vehicles that are essential to deliver our services. A key opportunity for Greater Wellington to lower emissions comes from its fleet vehicles; this happens through our electric-vehicle-first policy, buying petrol vehicles only when there is no electric or hybrid vehicle option.

Electricity

Wellington Water-purchased electricity produces a significant proportion of Greater Wellington's emissions. This energy is used to pump water to reserves for four city councils within the region. In dryer years, more electrical energy is used to top up aquifers to ensure these cities have safe drinking water. Wellington Water lowers electricity emissions by installing gravity-fed mini-hydro generators in the pumping system, and these zero-emissions devices reduce electricity emissions by 10 percent annually.

There are opportunities to reduce emissions in Greater Wellington's three main offices. We remain committed to continue to reduce corporate electricity use when possible, and the best opportunity is a relocation to new office buildings or a new build. This year we worked on comprehensive procurement requests that fully consider a building's energy performance and all manner of sustainability issues, including electric vehicle charging, for when an office is changed or rebuilt.

Waste

Greater Wellington continues to encourage employees to reduce waste, to recycle and compost. Across its three main offices, Greater Wellington diverts about 20 tonnes of recyclable and organic waste from the landfill each year.

Regional initiatives

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

The year in summary

During the 2017/18 year, we continued our support of the Water Wairarapa project. Increasingly severe water shortages are predicted in Wairarapa due to future climate change effects. This will affect water quality and availability in the area. Council consulted on the issue of continued funding of the project during the development of the long term plan. Based on community feedback, we agreed that funding of the project would not continue beyond the 2018/19 year. Greater Wellington is partnering with Wairarapa councils to look at ways of ensuring greater certainty of water supply for Wairarapa.

During the year, The Northern Gateway Futures programme was established to examine development opportunities for the Wellington Port area. This includes four areas of work and is being undertaken collaboratively with six partner agencies. A governance structure consisting of a Chairs Forum and a Programme Steering Group has been established, managed by a programme director. The work comprises the following:

- Investigating the central New Zealand supply chain and the role of Centreport within that, to enable the shareholders to make informed investment decisions
- Centreport regeneration plan
- Programme business case for a new ferry terminal
- Land use context – to inform planning decisions for any surplus port land as well as the future development of adjacent land

Our key projects and programmes

What we said we would do	What we did
Complete the Wellington Region Spatial Plan	As reported in the 2016/17 Annual Report, a project plan for spatial planning was developed and discussed by the Regional Chief Executives Group during the 2015/16 year. At that time other councils did not support a programme of regional spatial planning. There was also concern it would duplicate work the Local Government Commission had commissioned on spatial planning in the Wellington region. Subsequent to the LGC work, a decision was made to not pursue further work in this area at this time.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 Actual	Achieved/ not achieved
Work with partners to investigate options for water storage and water use such as irrigation in the Wairarapa valley (Water Wairarapa, previously WWUP)	Progression of Water Wairarapa as per the project plan	Options identification and refinement phases completed.	Consent application decisions imminent with project funders and owners identified.	Climate change and Whaitua water resource limit effects were assimilated into the project design and hence consent implications. Future project investigations will now be conducted by a Wairarapa-based company	Not achieved

				established to advance the project through demand proofing and the consent stages.	
Provide funding assistance for home insulation through the Warm Greater Wellington scheme	Number of applications to join the Warm Greater Wellington scheme	1,376	1,500	1,121	Not achieved

Unplanned activity

The Northern Gateway Futures programme of work was unplanned and is covered under *the year in summary* on the previous page.

Emergency management

The Wellington Regional Emergency Management Office (WREMO) provides coordinated civil defence across the region and works to build resilient communities that are prepared for and able to respond to and recover from emergencies. WREMO was established by the nine local authorities in the region and is administered by Greater Wellington.

The year in summary

In response to the 7.8 magnitude Kaikoura earthquake that impacted the region in November 2016, the region began a programme to create a 'step change' in vision and strategy for the region's emergency management approach. A review was done of the Civil Defence and Emergency Management (CDEM) function in the region and a new direction agreed. A draft five-year CDEM Group Plan was developed and will be shared at the local, regional and national level before implementation in 2019.

Work also continued on the Wellington Region Earthquake Plan (WREP) – the plan that outlines what will occur in the first seven days after a major earthquake centred on our own fault lines. The content of the WREP has been used as the basis for various regional and local training sessions and exercises. In addition, work has continued on developing the region's Community Emergency Hubs, which will be the focal point for communities to organise their own 'unofficial' response to a significant event.

On 14 November 2017 – the first anniversary of the 2016 Kaikoura earthquake – early childhood centres, schools, businesses, councils and communities practised drop-cover-hold and tsunami evacuation. The event is now scheduled to become an annual national event known as Tsunami Hikoi.

In the last week of June, all households in the region received a copy of an award-winning Earthquake Planning Guide. The guide uses behavioural psychology to encourage people to take incremental steps to get their families and homes ready for an emergency. Not only was the guide well received by residents of the region, but it was nationally and internationally recognised for its innovative design and content.

Our key projects and programmes

What we said we would do	What we did
Develop a Pre-disaster Recovery Framework to proactively anticipate recovery issues and build capacity to improve recovery outcomes before a disaster occurs (multi-year project)	In late 2017, WREMO led a series of workshops to explore the powers and processes that councils could use in recovery. The workshops were the first of their kind for councils in the region. In December, the Ministry for Civil Defence and Emergency Management produced a national guideline on the subject. Between January and June, the region worked to align its work with what is being done in other parts of the country and to contribute to the development of recovery training material for councils and key agencies.
Develop an improved model for delivery of emergency response (multi-year project)	A draft version of the Wellington Region Earthquake Plan has been completed and is now being shared with partner agencies. Local (city and district) versions of the plan are now being developed. Work also continued on developing the region's Community Emergency Hubs, with 90% now standardised with a common set of equipment and mobile radio functionality.
Rationalisation of Business As Usual (BAU) functions (multi-year project)	Over the past year all WREMO's information has been transferred to a single IT platform. This transfer has not only helped improve staff productivity, but also has provided a virtual platform for Response Team members from around the country to share New Zealand Response Team information.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline 2014 unless otherwise stated	2017/18 Target	2017/18 Actual	Achieved/ not achieved
Work with the regional community to improve resilience to and preparedness for major emergency events	Percentage of households with emergency food and water to last three days	85%	82%	N/A [12]	N/A
	Percentage of households with sufficient emergency food and water to last for at least seven days	New question	Baseline to be established 2018/19	10%	N/A
	Annual activation test for each EOC	No baseline	100%	100%	Achieved
	Number of Community Response Plans completed	10%	60%	67.82%	Achieved

Unplanned activity

In February, ex-Tropical Cyclone Gita was forecast to be a severe weather event affecting the Wellington region. We took actions to prepare the region. While the storm did not affect the region as anticipated, some of the peripheral impacts of the storm included: the closure of Wellington Airport due to strong winds; the closure of State Highway 1 between Pukerua Bay and Paekākāriki due to storm damage to the sea wall; evacuation of several houses in Paraparaumu due to storm water flooding; and damage to several Titahi Bay boatsheds due to large waves.

[12] This measure was changed part way through the year to the new measure.

Democratic services

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

The year in summary

A total of 56 council, committee and subcommittee meetings were held during the 2017/18 year. During the year council consulted on its Long Term Plan for 2018-28 and the Revenue and Financing Policy. Council received submissions on both consultations and during May held hearings to finalise the plan and policy, taking into account feedback from the community.

What we said we would do	What we did
Undertake a review of the council's representation arrangements.	The council considered a report on the 2018 representation review at its meeting on 14 June 2018. The council deferred a decision on its initial representation proposal for the 2019 triennial elections to its meeting of 16 August 2019.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 Actual	Achieved/not achieved
Provide information to enable the public to be informed of, and participate in, council and committee meetings	Percentage of time meeting agenda is available to the public at least two working days prior to each meeting	100%	100%	100%	Achieved
Provide statutory information in a timely manner	Percentage of logged official information requests for which a decision is made and communicated to the requestor within the prescribed statutory timeframes	No baseline	100%	98.5%	Not achieved [13]

No unplanned activity

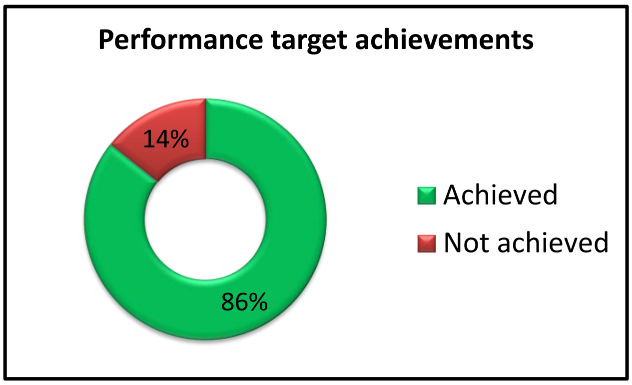
[13] Three responses were provided outside of the statutory deadlines due to processing issues. These issues have been addressed

Connecting our extraordinary region

Public transport – Ngā Waka Tūmatanui

COMMUNITY OUTCOMES

Connected community
Strong economy
Resilient community
Healthy environment



ACTIVITIES

Metlink public transport network planning
Rail operations and asset management
Bus and ferry operations and asset management
Metlink fares and ticketing, and customer services and information

Through our public transport network, which includes the buses, trains and ferries, we strive to seamlessly connect the communities across our region to the places where they live, work and play. The region has a culture of using public transport and we are committed to providing high quality public transport solutions that are accessible to all.

This year has been building up to a transformation of our services. To carry more people more often, we've prepared rejigged timetables across the region, so the new network connecting Metlink buses, trains and ferries works better for more customers. We prepared the way for a new bus network for Wellington City with changes to bus routes, stops and frequency of services. A new generation of planet-friendly buses has been rolled out across the region, operated under new contracts in partnership with our bus operators Tranzit Group, NZ Bus, Uzabus and Mana. Bringing it all together, we've introduced a new Snapper ticketing system on all buses and made our fares simpler and fairer across the Metlink network.

We continue to work with our rail operator (Transdev) on improvements to punctuality. We have increased rail capacity at peak times on the Kāpiti Line, and we are conducting a trial to increase capacity on the Wairarapa Line.

At the time of preparing this Annual Report Greater Wellington has been rolling out the new bus network system. We acknowledge that there have been issues embedding the new bus network services which are being addressed and will be reported on in our next year's Annual Report. This transition was aggravated by some systemic challenges, including:

- Driver shortages and drivers getting used to new routes
- The extent of the route changes and associated customer reaction — both to the changes generally and in situations where service levels were considered to be reduced
- Operational challenges associated with the changes

Metlink public transport network planning

The Metlink public transport network operating in the Wellington region is a network of bus, train and harbour ferry services. Our role is to make sure our network works well, meets people's needs, provides value for money and is able to connect the communities in our region to their homes, workplaces and recreational activities.

The year in summary

The procurement process for all bus operating contracts under the Public Transport Operating Model concluded with the final contract signed in June. From July 2018, our bus services will be operating under new performance partnering contracts with Tranzit Group, NZ Bus, Uzabus and Mana.

Significant work was undertaken to prepare for implementation of the new Wellington network. This included working with all operators to prepare for the transition, while also transforming our processes and systems to be ready for the new contracts.

Our key projects and programmes

What we said we would do	What we did
Ongoing targeted reviews of Metlink services to ensure they continue to meet customer needs, deliver value for money, and maintain timetable reliability.	We reviewed school bus services in Johnsonville, Tawa and Porirua in 2017 to ensure that current operational practice was reflected in operator contracts and customer information, and to ensure service levels were suitable for demand. We also improved bus services in Kāpiti and the Wairarapa in 2017 by providing more buses, better connections to rail services and more coverage of central and suburban Waikanae. Following public consultation, we prepared for the introduction of a new fares schedule and concessions policy. In early 2018 we reviewed and amended some central Wellington school bus services to ensure network resources were deployed more effectively where they were needed most.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 Actual	Achieved/not achieved
Maintain a current policy framework to manage the region's public transport	Regional Public Transport Plan is reviewed and adopted in accordance with the Land Transport Management Act 2003	RPTP (adopted in June 2014)	RPTP remains updated	RPTP up to date – no changes required	Achieved
Increase public transport boardings per capita	Passenger boardings per capita	72.3	73.7	74.7	Achieved

Rail operations and asset management

Greater Wellington contracts the operator (Transdev) to provide all metro rail services, the rail network owner (KiwiRail) to provide rail network control, maintenance and renewals, and owns all railway stations (except Wellington Station), pedestrian overbridges and underpasses, and the electric trains and Wairarapa carriages.

The year in summary

During 2017/18, rail patronage in our region grew by more than 400,000 passenger journeys to 13.6 million. At peak times we have seen a growth of 6 percent and average workday peak rail patronage holding at just under 40,000 passengers.

We have begun out-of-service trials to increase capacity on the busiest Wairarapa train services, by lengthening trains from eight to nine carriages. We have reconfigured six of the carriages that operate on the Wairarapa line to be more compatible with the other 18 carriages that also operate, increasing capacity and resilience.

In response to rolling stock performance issues on the Wairarapa Line, we commissioned an independent investigation to determine root causes. The findings identified areas for improvement across the network and made a number of recommendations, which will help address the performance issues. These recommendations are being addressed and implemented.

Improvements across our rail assets continued throughout the year, including refurbishment of the Porirua Station, shelter replacement at Manor Park and Ava stations and repairs to pedestrian bridges. The enforcement of Park & Ride terms and conditions to encourage safe and courteous parking has begun and has improved parking behaviour.

The final Ganz Mavag trains were disposed of, which has freed up yard space and reduced the incidence of vandalism on the network.

Our key projects and programmes

What we said we would do	What we did
Maintain and improve rail assets, including trains and station buildings	• Manor Park and Ava shelter replacement • Porirua Station refurbishment • Kenepuru Bridge cosmetic upgrade • Continued the major repairs to Ava Station pedestrian bridge • Steelwork repairs to Raroa pedestrian bridge • Heavy maintenance programme under way on the Matangi trains
Park & Ride development	Completed an extension to the Park & Ride facilities at Pomare and modified the design of additional parks at Porirua to include rain gardens in the drainage scheme.
Rail Scenario 1 initiative from the Regional Public Transport Plan with station upgrades beginning from 2017/18	The start of these works is tied to wider rail network developments associated with a major joint funding application with KiwiRail. An initial direct Crown funding application was moved to the National Land Transport Fund process, which has pushed out the funding and implementation timeframes to a mid-2018/19 start.

Transition to integrated fares and ticketing on rail services	A new fares schedule with new concessions and simplified rail products was prepared to be introduced during the roll-out of the 2018 network changes. We worked with national partners (NZTA, Auckland Transport) to confirm the partnership and procurement approach for national ticketing.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 Actual	Achieved/not Achieved
Deliver rail services in accordance with the published timetable	Percentage of scheduled services delivered	99.2%	≥99.5%	99.74%	Achieved
	Percentage of scheduled services on-time to 5 minutes by line	Kāpiti Line: 95.4%	≥95.0%	96.93%	Achieved
		Hutt Line: 95.3%	≥95.0%	96.63%	Achieved
		Johnsonville Line: 93.3%	≥95.0%	99.04%	Achieved
		Wairarapa Line: 74.5%	≥85.0%	64.06%	Not Achieved
Maintain and improve rail rolling stock, stations, subways, over-bridges and car parks in accordance with rail asset management plans	Average condition rating[14]	Rolling stock – EMU fleet Matangi 1.0	≤3.0	2.0	Achieved
		Rolling stock – Carriage fleet : SW 2.2	≤3.0	2.9	Achieved
		Stations (buildings & shelters): 2.6	≤2.5	2.3	Achieved
		Subways/over-bridges: 2.4	≤2.5	2.5	Achieved
		Carparks: 2.0	≤2.5	2.3	Achieved
Customer satisfaction with passenger rail services	Percentage of rail users who are satisfied with their trip overall[15]	89.7%	≥90.0%	92%[16]	Achieved

Unplanned activity

We refurbished the interior of the old Paraparaumu station building due to a poor condition rating.

We modified the Wairarapa carriage air-conditioning system to provide better cooling in a very hot summer. We introduced additional peak services on the Kāpiti Line to address increasing demand.

[14] 1 = very good and 5 = very poor
[15] Satisfied = score of 6-10 on a scale of 0-10
[16] Please note that the maximum margin of error for this target is ±2.1%.

Bus and ferry operations, and asset management

Working with operators, planning for big new infrastructure projects, fine-tuning timetables across the region and gearing up for the Wellington bus network's biggest revamp in 20 years have been just some of the things we've been up to in 2017/18.

The year in summary

Significant work to prepare for the implementation of the new Metlink network took place. This included a several service reviews completed between mid-2017 to early 2018, including reviews of school bus services in Tawa, Porirua and central Wellington, and increased coverage and timetable refinements in Kāpiti. This was to ensure that planned bus services would match passenger travel needs, and to highlight any discrepancies between contracted and operator performance before the new network began. Planning was also undertaken to prepare for the introduction of low-emission double-decker buses (including 10 all-electric double-decker buses).

The trolley buses were decommissioned and work began in October 2017 to remove the overhead trolley network and associated infrastructure. The project went smoothly and without incident. Work was undertaken to timeline and budget and is scheduled to be completed on time by November 2018.

New contracted bus services went live in the Wairarapa in late April 2018 and then in the Hutt Valley in mid-June 2018. As part of its new contracted service, Wairarapa was provided with a new low-emission bus fleet.

Construction of bus hubs in Wellington was behind schedule and they were not ready when the new Wellington network began on 15 July 2018. Temporary shelters and signage were put in place, and have remained where required at all unfinished hub sites. A number of issues were encountered as part of the roll-out on 15 July and will be reported on in our next year's Annual Report.

Our key projects and programmes

What we said we would do	What we did
Procure and transition to new PTOM bus and ferry contracts	The procurement process was concluded for all bus operating contracts under the Public Transport Operating Model (PTOM). Council approved the key components of Greater Wellington's Ferry Procurement Procedure. This is the first stage of the ferry procurement process.
Plan and implement the new Wellington City bus network	This included the: • Staged release of 2018 bus network customer information and on-line journey tool to coincide with the new network roll-out • Ongoing removal of overhead wiring for decommissioned trolley buses • We have begun the construction and civil work for seven new bus hubs in Wellington. These new hubs will not be complete in time for the introduction of the new Wellington City bus network. Temporary hubs will be in place.
Maintain and improve bus assets, including bus shelters, signage, interchanges and other fixed assets	We have continued to maintain and improve facilities at our bus stops across the region. This year we renewed 27 bus shelters and installed another 18 new shelters. More than 50 new stops were installed across the region. In preparation for the new Wellington bus network we arranged for: changes to be made to 92 stops; the removal of 48 stops from the network; new signage at Wellington Station and at all stops along the Golden Mile.
Transition to integrated fares and ticketing on bus and ferry services	Developed and prepared for a new fares schedule and implemented the rollout of Snapper on Metlink buses in Wairarapa. Worked with national partners (NZTA, Auckland Transport) to confirm partnership and procurement approach for national ticketing.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 Actual	Achieved/ not achieved
Deliver bus and ferry services in accordance with the published timetable	Percentage of scheduled services delivered (reliability)	99.1%	≥99.0%	99.1%[17]	Achieved
	Percentage of scheduled services on-time to 10 minutes (punctuality)	99.7%	≥98.0%	99.8%[18]	Achieved
Maintain and improve bus stop facilities and interchanges	Average condition score of all bus shelters maintained by Greater Wellington [19]	2.6	Improvement on previous year[20]	1.1	Achieved
Customer satisfaction with passenger bus services	Percentage of bus users who are satisfied with their trip overall[21]	91.8%	≥90.0%	91%[22]	Achieved

Unplanned activity

We were required to construct temporary hubs as the new bus hubs were not completed in time for the new Wellington bus network.

17 Results cover YTD May. Reporting changed from June due to new contracting requirements.
18 Results cover YTD May. Reporting changed from June due to new contracting requirements.
19 1 = very good and 5 = very poor
20 The result for 2016/17 was 1.8
21 Satisfied = score of 6-10 on a scale of 0-10
22 Please note that the maximum margin of error for this target is ±2.6%.

Metlink fares and ticketing, and customer services and information

The customer is at the forefront of what we do in public transport. Fares and ticketing is a direct point of contact for customers, which is why we are working towards a fully integrated fares and ticketing system for all Metlink trains, buses and ferries. This will bring big advantages to passengers in terms of ease of payment and simpler fares, but is some way off as we need to fit in with national plans for electronic ticketing.

Information is also a key point of contact for customers, especially leading up to significant changes in the network. Information has played an essential role in making the transition to new fares, timetables and routes as seamless as possible. The role of the Metlink website and app is becoming increasingly important as more of our customers seek digital information.

The year in summary

Following region-wide public engagement, a new fares schedule and concessions policy was adopted. Timed to come into effect with the new bus network changes and extension of Snapper in July 2018, the new fares included a 25 percent off-peak discount, 25 percent tertiary concession, 50 percent accessible concession, and free bus-to-bus transfers within a 30-minute window. A general 3 percent fare increase was agreed to offset part of the increased cost of running the network.

As an interim ticketing solution, Snapper was extended to Metlink buses in Wairarapa, Porirua and Kapiti, and there was considerable preparation for Snapper to go live on the new network in July 2018. The scope and partnership approach for national ticketing was firmed up, leading to the release of the first stage of the procurement of the national ticketing solution (Project NEXT).

A large customer information programme was carried out to support the 2018 changes. This included providing customers information about the upcoming changes through various information channels, the development of an online tool to allow customers to plan and compare their new routes in the new Wellington City bus network and improvement to the content and usability of the Metlink website. We also refreshed the Metlink brand across the new bus fleet.

Our key projects and programmes

What we said we would do	What we did
Integrated fares and ticketing	Prepared a new fares schedule with new concessions and pricing across the Metlink public transport network to go live in time for the July 2018 network changes. Prepared for the implementation of the Snapper extension to the Wairarapa and outstanding services in the Hutt Valley for Metlink buses. Worked with national partners (NZTA, Auckland Transport) to confirm partnership and procurement approach for national ticketing.
Ongoing review and enhancement of customer information systems	Ongoing refinement of the Metlink website user experience. Informing customers about the upcoming 2018 network changes. Refreshed the Metlink brand to apply consistent Metlink livery across all the new bus fleet. Improved content and usability of the Metlink website. Implemented interactive voice response (IVR) to improve customer information and access to self-service channels. Progressed new technical architecture of the RTI system (called Omnibus), so sign and website accuracy and network performance reporting can be improved from late-2018.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 Actual	Achieved/not achieved
Provide Metlink public transport service information to the public	Percentage of users who are satisfied with the service they receive accessing Metlink public transport information via a call centre, web and mobile sites, and real time information[23]	Call centre: 73.3%	Increase on previous year[24]	82%	Not achieved
		Web and mobile sites: 78.3%	Increase on previous year[25]	87%	Achieved
		Real time information: 78.0%	Increase on previous year[26]	87%	Not achieved

Unplanned activity

Wairarapa rail customers were engaged through a social media poll to gain feedback on proposed improvements to provide more capacity on the line. This was also an opportunity to join their discussion about their concerns and plans for the line.

[23] Satisfied = score of 6-10 on a scale of 0-10
[24] The result for 2016/17 was 88.8%
[25] The result for 2016/17 was 86%
[26] The result for 2016/17 was 87.7%

Total mobility

Total Mobility helps people with a permanent disability or impairment to access appropriate transport to enhance their community participation. This assistance is in the form of subsidised door-to-door transport services wherever scheme transport providers operate.

The year in summary

Total Mobility patronage for 2017/18 increased by 5.8 percent on the previous year.

This year we trained 24 new Total Mobility assessors and continued to strengthen our relationships with the disability support organisations working in our community. These relationships proved invaluable for preparing Total Mobility customers for the introduction of the new bus network.

We also focused on making Total Mobility print information more accessible. We reformatted our print communications and developed the Annual Total Mobility Customer Satisfaction Survey in accordance with Easy Read principles. This resulted in a significant increase to the response rate.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 Actual	Achieved/not achieved
Provide a subsidised taxi service for those members of the public unable to use buses or trains	Percentage of users who are satisfied with the overall service of the scheme[27]	96%	≥97%	97%	Achieved

No unplanned activity

[27] Satisfied = score of 6-10 on a scale of 0-10

Keeping our most precious resource flowing to our customers

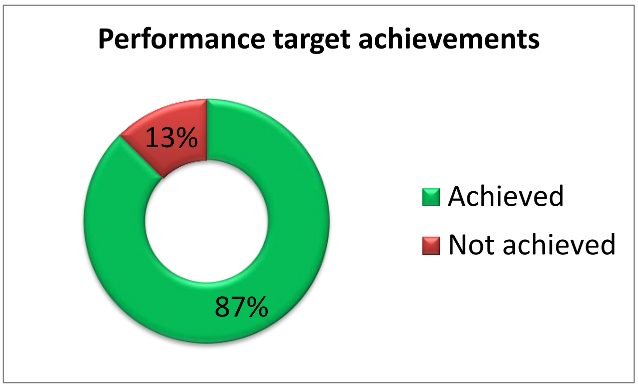
Water supply – Ngā Puna Wai

COMMUNITY OUTCOMES:

Strong economy
Resilient community
Healthy environment

ACTIVITIES:

Water quality
Water availability
Sustainability



Future-proofing the region's water supply for the immediate future and for generations to come drives the work programme for Wellington Water. Greater Wellington owns and manages water supply assets with a replacement cost of around $1,150 million.

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

The year in summary

We've had a busy year making sure that our customers remain confident that the drinking water we provide is safe and wholesome.

During the year we explored options of an alternative water source for Wellington city. Two options were considered - a cross harbour pipeline versus the option of bores in the harbour. Wellington Water completed a detailed analysis of the water quality and quantity information from the exploratory bores drilled. This has been used to evaluate the best option to provide Wellington with drinking water in the event of an emergency or damage to the existing supply along State Highway 2. A recommendation to proceed with the Cross Harbour Pipeline project has been made.

Following the discovery of E. coli in the water supplying the Waterloo Water Treatment Plant, we progressed an urgent upgrade to add ultraviolet (UV) light and chlorine disinfection to the treatment process. This is part of a multi-barrier system that provides assurance that water supplied to everyone who lives and works in the metropolitan Wellington region is safe. Introducing UV treatment to Waterloo wasn't easy. We appreciated the patience of residents and the community as we disrupted traffic to dig up roads to install the new pipes needed to cope with the UV treatment process.

A safe and reliable water supply is essential to public health, and the social and economic progress of our region. The findings from stage two of the Government's Havelock North Drinking Water Inquiry have reinforced this importance. The inquiry proposed six fundamental principles of drinking-water safety and we have worked to understand how we can integrate these into our service.

Our key projects and programmes

What we said we would do	What we did
Commence construction of the Cross Harbour Pipeline	An investigation into options to provide an alternative supply to Wellington was undertaken in 2017/18. Two options were investigated – the cross harbour pipeline and bores. The preferred option had not been decided before the end of June 2017.
Replace the Kaitoke pipeline near Silverstream	Investigations were completed in 2017/18 to confirm the preferred pipe route which includes a realignment of the existing pipeline at Silverstream Bridge and a new resilient crossing of the Hutt River and Wellington Fault. Design and consenting will progress over the next two years with construction expected in 2020/21.
Waterloo and Gear Island wellfield renewal	An aquifer contamination incident in 2017 highlighted risks associated with the Waiwhetu aquifer that were not previously recognised. During 2017/18 work began on developing a wellfield renewal strategy. This work will consider all known risk factors and determine the best location and timing for renewal of the Waterloo and Gear Island wells.
Commence replacement of the Wainuiomata pipeline (completion 2018/19)	A detailed condition assessment was completed on the existing 750mm cast iron pipeline. It was found to be in better condition than previously thought. The pipe is now expected to continue to provide service through to 2040. This has resulted in deferral of the pipe replacement.

Measuring our performance

Level of service	Performance measure	Performance targets				
		Baseline (2014)	2016/17 Actual	2017/18 Target	2017/18 Actual	Achieved/not achieved
Provide water that is safe and pleasant to drink	Number of waterborne disease outbreaks	0	0	0	0	Achieved
	Number of taste complaint events related to the bulk water supply	1	5	<5	0.01[28]	Achieved
	High level of customer satisfaction – from TAs on:	Drinking water clarity[29]	0	<5	0	Achieved
		Drinking water odour[30] - 0	4	<5	0.01	Achieved
		Drinking water pressure or flow[31] - 1	0	<5	0	Achieved
	Percentage compliance with the DWSNZ 2005. [32]	Microbiological (Protozoa) compliance[33] - 100%	100%	100%	100%	Achieved
		Microbiological (Bacterial) compliance[34] - 100%	Te Marua WTP – 100%	100%	Te Marua WTP – 100%	Achieved
			Wainuiomata		Wainuiomata	Achieved

28 Non-Financial Performance Measure Rules 2013 measure 4(a)
29 Non-Financial Performance Measure Rules 2013 measure 4(a)
30 Non-Financial Performance Measure Rules 2013 measure 4(b)
31 Non-Financial Performance Measure Rules 2013 measure 4(c)
32 DWSNZ performance reporting has been separated into Protozoa, Bacteria, Aesthetic and Chemical requirements instead of the grouping shown in the 2015-25 LTP. In addition, performance has been reported as "Yes" or "No" instead of percent compliance as implied by the 100% target. This is to align with the mandatory reporting requirements for the DIA Non-Financial Performance Measures.
33 Non-Financial Performance Measure Rules 2013 measure 1(a)
34 Non-Financial Performance Measure Rules 2013 measure 1(a)

			WTP – 100%		WTP – 100%	
			Waterloo WTP – not achieved		Waterloo WTP – 100%	Achieved
			Gear Island WTP – 100%		Gear Island WTP – 100%	Achieved
			Zones – 100%		Zones – 100%	Achieved
		Aesthetic compliance[35] - 100%	100%	100%	100%	Achieved
		Chemical compliance[36] - 100%	100%	100%	100%	Achieved
	Maintain grading from Ministry of Health for the local water supply distribution	Te Marua, Wainuiomata and Gear Island treatment plants: A1	Grading maintained	Maintain current grading	Grading maintained	Achieved
		Waterloo treatment plant: B[37]	Grading maintained	Maintain current grading	Grading maintained	Achieved
		Distribution system: A1	Grading maintained	Maintain current grading	Grading maintained	Achieved
Bulk water supply is continuous and secure	Number of shut-offs of the wholesale water supply network resulting in loss of water or pressure to consumers	0	0	0	0	Achieved
	Improve the resilience of the bulk water supply to catastrophic events such as earthquakes by implementing the methodology for assessing improvements to the resilience	Asset Management Plan & Annual Works Programme in place	94% planned improvements completed – Not achieved	Plan for and implement resilience improvements	63% [38]	Not achieved[39]
	Sufficient water is available to meet unrestricted demand[40]	Modelled probability of annual water supply shortfall – 0.4%	0.2%	<=2%	5.7%	Not achieved [41]
	Attendance for urgent call-outs[42]	Time from local authority receiving notification to service personnel reaching site[43] - No baseline	N/A – no events occurred	60 minutes	0 (no events)	Achieved
		Time from local authority receiving notification to service personnel confirming resolution [44] - No baseline	N/A – no events occurred	4 hours	0 (no events)	Achieved
	Attendance for non-urgent call-outs[45]	Time from local authority receiving notification to service	35 minutes	36 hours	60 minutes	Achieved

35 Non-Financial Performance Measure Rules 2013 measure 1(a)
36 Non-Financial Performance Measure Rules 2013 measure 1(b)
37 The Waterloo treatment plant has a current assessment of B which reflects a non-chlorinated rating. The treatment plant is now chlorinated and has not yet been reassessed to reflect this improvement.
38 Calculated based on year-end actual expenditure of $257k against a budget of $405k (63%)
39 While this target has not been achieved, Greater Wellington has a strong focus on achieving resilience in the water supply network with work in progress to address this.
40 Other than by routine hosing restrictions and drought situations with a severity greater than 1 in 50 years
41 The network is currently not able to meet the 1 in 50 year drought resilience level of service target due to a capacity limitation at Te Marua water treatment plant that became apparent during the aquifer contamination incident in 2017. An initial assessment was completed in 2017/18. This provided a range of high level options with variable benefits, risks and likely costs. Additional investigations will be required in 2018/19 before the preferred option can be determined.
42 This is a new internal measure, not included in the Long Term Plan 2015-25.
43 Non-Financial Performance Measures Rules 2013 measure 3(a)
44 Non-Financial Performance Measures Rules 2013 measure 3(b)
45 This is a new internal measure, not included in the Long Term Plan 2015-25.

		personnel reaching site [46] - No baseline				
		Time from local authority receiving notification to service personnel confirming resolution [47] - No baseline	30 minutes	15 days	47 minutes	Achieved [48]
	Drinking water consumption[49]	Average consumption of drinking water per day per resident (L/p/d)[50] within the TA District [51] - No baseline	351 L/p/d	Less than 374 L/p/d	359 L/p/d	Achieved
Environmental Impact of Bulk Water activities is minimised	Achieve full compliance with all resource consents and environmental regulations	Full compliance	One non-compliance was recorded	Full compliance	One non-compliance only was recorded [52]	Not achieved

No unplanned activity

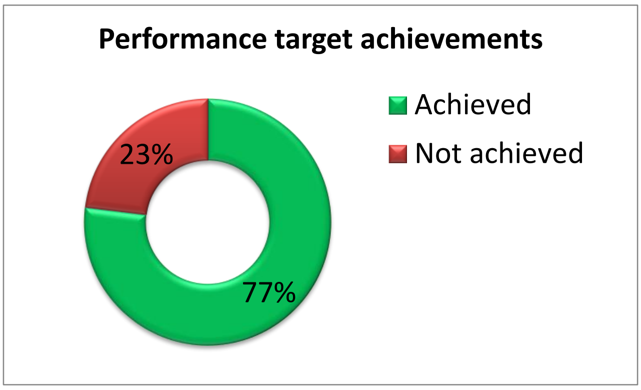
[46] Non-Financial Performance Measures Rules 2013 measure 3(c)
[47] Non-Financial Performance Measures Rules 2013 measure 3(d)
[48] This can be shorter than on-site times due to the ability to address some breakdowns remotely.
[49] This is a new internal measure, not included in the Long Term Plan 2015-25.
[50] L/p/d = Litres per day
[51] Non-Financial Performance Measures Rules 2013 measure 5
[52] Discharge of supernatant (water treatment by-product) to the Wainuiomata River breached the maximum consented dissolved aluminium concentration on three occasions during the year. An investigation was completed and the issue was resolved. This will be recorded as a non-compliance against this consent. All other consents are expected to achieve full compliance. We remain non-compliant with requirements of the HSNO Act for 11 plastic chemical storage tanks at our water treatment plants. Remedial works are expected to be completed in 2018/19. WorkSafe are satisfied the risks are being managed proactively.

Caring for our natural capital

Environment – Te Taiao

COMMUNITY OUTCOMES:

Healthy environment
Strong economy
Engaged community



ACTIVITIES:

Resource management
Land management
Biodiversity management
Pest management
Harbour management

Clean air, clean water, safe harbours and forests sheltering native birds and wildlife – we can't take these things for granted.

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

Greater Wellington works to:

- encourage biodiversity and restore ecosystems that have been damaged by pollution and overuse
- develop the regional policies and plans that ensure sustainable use of our natural resources
- monitor the state of our environment and provide scientific advice and information
- implement our regional plans by assessing and monitoring resource consent
- fight pest plants and animals
- minimise the loss of erodible land
- manage ecologically important sites, and
- provide navigational and response services for our harbours

In managing these areas we also work with landowners and communities who have a shared interest.

Resource management

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

The year in summary

Greater Wellington has been involved in some large pieces of work in this area during 2017/18. Work has included managing the proposed Natural Resources Plan and working through the whaitua committee process to develop implementation plans across the region, and managing consents to achieve Greater Wellington's goal to protect and enhance the environment.

The proposed Natural Resources Plan was notified in July 2015. During 2017/18, hearings have been held for three independent commissioners to hear views on the proposed provisions of the Plan. The hearings began in May 2017 and continued throughout the year, covering a range of issues that the plan will cover:

- Air quality management, land use in riparian margins and stock access to water bodies, & soil conservation
- Water allocation and natural form and function
- Water quality and stormwater
- Beds of lakes and rivers, wetlands and biodiversity, discharges to land
- Coast, natural hazards, significant historic heritage values, contaminated land, hazardous substances, discharges within community drinking water supply protection areas

This work has involved expert input from across Greater Wellington and has provided the commissioners with the best advice to help them in their decision making process. The hearings panel will be making a decision by the end of March 2019.

The Ruamāhanga Whaitua Committee has spent the past four years studying the whaitua – understanding the characteristics, its pressures, the cultural, economic, and environmental values residents associate with its waterbodies, and management options appropriate to its unique waterways and communities. The committee has now finalised the recommendations that form their Whaitua Implementation Programme (WIP). The WIP describes the ways people from the catchment want to manage their water now and for future generations through a range of integrated tools, policies and strategies. The WIP includes recommendations on managing contaminants, water allocation and river management, and sets freshwater objectives and limits for each freshwater management unit (FMU) – the many varied waterbodies that make up the catchment.

Collaborative consenting projects have featured strongly in last year's work programme. Carterton Wastewater consent applications were publicly notified but approved without a public hearing. This was based on a high level of support from the community and on the back of close work between Greater Wellington and Carterton District Council to develop affordable and environmentally advanced wastewater options. We have also been trialling new models of collaboration, in partnership with Wellington Water, mana whenua and a host of other partners, to inform management and consenting Porirua's wastewater treatment plant and network. Alongside Wellington Water, Hutt City Council and Regional Public Health, we also progressed significantly investigations into Hutt Aquifer contamination risks; and worked closely with these partners and territorial authorities across the region to form a Joint Working Group to begin to respond to recommendations on national three-waters issues, as a result of the Havelock North (water supply contamination) Inquiry.

Measuring our performance

<table>
<tr><th rowspan="2">Level of service</th><th rowspan="2">Performance measure</th><th colspan="4">Performance targets</th></tr>
<tr><th>Baseline (2014)</th><th>2017/18 Target</th><th>2017/18 Actual</th><th>Achieved/ not achieved</th></tr>
<tr><td rowspan="3">Provide an up-to-date policy framework to manage the region's natural and physical resources</td><td>Regional Policy Statement is maintained and operative</td><td>Regional Policy Statement is operative</td><td>Identified changes are adopted</td><td>No changes identified. Review due by 2023</td><td>Achieved</td></tr>
<tr><td>Regional plans are reviewed and adopted</td><td>Draft Natural Resources Plan available September 2014</td><td>Proposed Natural Resources Plan is made public</td><td>Publicly notified in 2015; public hearings under way in 2017.</td><td>Achieved</td></tr>
<tr><td>Whaitua Committees are implemented</td><td>Ruamāhanga and Porirua Committees established</td><td>Porirua Committee releases Whaitua Implementation Plan

Wellington Harbour Hutt Valley Committee established</td><td>Porirua Committee has completed analysis. Final WIP due to be completed end of 2018.

Wellington Harbour and Hutt Valley Whaitua Committee established by council December 2017.</td><td>Not achieved</td></tr>
<tr><td>Process resource consents in a timely manner</td><td>Percentage of resource consents processed within 20 working days[53]</td><td>100%</td><td>100%</td><td>99% [54]</td><td>Not achieved</td></tr>
<tr><td rowspan="2">Monitor and enforce compliance with regional plans and resource consents</td><td>Percentage of significant & environmental non-compliance that is reported within one month (including what follow-up measures are being undertaken)</td><td>100%</td><td>100%</td><td>84% [55]</td><td>Not achieved</td></tr>
<tr><td>Percentage of reported environmental incidents that are responded to, investigated and enforcement actions completed within statutory timeframes</td><td>100%</td><td>100%</td><td>99% [56]</td><td>Not achieved</td></tr>
<tr><td rowspan="3">Provide timely, appropriate and accessible information on regional catchment state trends</td><td>Percentage of data collected that is made available within agreed timelines[57]</td><td>90%</td><td>90%</td><td>99%</td><td>Achieved</td></tr>
<tr><td>Number of reports downloaded[58]</td><td>>894 page views (baseline established 2015/16)</td><td>Increase against baseline</td><td>1,199 page views</td><td>Achieved</td></tr>
<tr><td>Stakeholder satisfaction with the quality and usability of the reports provided</td><td>New measure</td><td>Increase against baseline [59]</td><td>N/A</td><td>N/A</td></tr>
</table>

[53] This measure relates to non-notified consents only, as notified consents cannot be processed within 20 days. Some consents can be processed in greater than 20 working days if a s37 agreement under the RMA is in place.
[54] Seven consents out of 769 were processed outside of statutory timeframes. All consents processed outside statutory timeframes were minor exceedances i.e. 1-3 working days approx.
[55] 15 consents were reported more than 1 month after non-compliance was observed. More than half of the consents reported after 1 month were reported within a 2 month period. No formal investigations were required.
[56] 13 incidents reported to the Environmental Hotline were not investigated and concluded within four months during the 2017/2018 year
[57] Different methodology is now applied to this measure given changes in how we manage our data. This is measured as the number of "missing records" (telemetered data) as a percentage of total records.
[58] This measure reflects the number of page views of our annual monitoring reports webpage.
[59] Baseline not established in 2016/17 due to lack of responses to survey.

No unplanned activity

Land management

Greater Wellington works with the farming sector to manage the impacts of farming on the environment. Soil erosion, soil health and water quality are all affected by the way farmers use their land. We work alongside farmers to prepare Farm Environment Plans to help identify and manage critical source areas where sediment, nutrients and other contaminants may discharge to waterways, wetlands and the coastal marine area.

The year in summary

During the last year good progress has been maintained in contacting landowners who have riparian sites of significance, as scheduled in the proposed Natural Resources Plan. To date, 94 percent of the 99 Category 1 riparian sites have been inspected. Of these landowners, 61 percent have already fenced for stock exclusion or have no stock present. We've had a positive response from landowners towards stock exclusion, with 93 percent of landowners wanting to engage in the programme.

Approval of new farm plans has been placed on hold while we align these with the Whaitua process and involve industry partners. The programme continues to be widely promoted. The number of dairy farms in the region engaged in the programme is now at 32 percent of the region's approximately 170 dairy farms, indicating that the programme is succeeding in engaging land owners to take more action on farms to improve water quality and biodiversity values.

A total of 25,474 poplar and willow poles were planted during the year. In addition, 65.3 hectares of erosion-prone land was afforested and 186.9 hectares of reversion to native species was progressed.

Our key projects and programmes

What we said we would do	What we did
Expansion of the Farm Environment Plans in priority catchment areas.	72 projects approved for funding across the region, 75% of which were in priority catchments identified in the proposed Natural Resources Plan.
Ongoing delivery of the Wellington Regional Erosion Control Initiative programme, with a focus on erosion-prone land in the Ruamahanga whaitua	Total programme outputs for the 2017/18 year for erosion-prone land treatment included 25,474 poplar and willow poles planted on 440 hectares; 65.3 hectares of other exotic tree treatment; and 186.9 hectares of native planting or reversion treatment.
Continuation of the supply of poplar and willow poles, and eco-sourced native plants from the Akura Conservation Centre	Akura supplied 28,814 poles in total (88 percent of which were supplied to the Wellington Regional Erosion Control initiative Programme). 67,584 (73 percent) eco-sourced native plants were supplied out of a total native plant order of 92,527. In addition to this figure, 54,623 mānuka seedlings were supplied for the conversion of land for erosion control purposes with a mānuka honey production incentive.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 Actual	Achieved/not achieved
Work collaboratively with landowners to sustainably manage nutrient and sediment discharges on a catchment basis	Percentage of hill-country erosion-prone land covered by an active [60] Farm Plan	76.5%	79%	54%	Not Achieved
	Hectares of erosion-prone land planted	400 hectares per annum (2014)	450 hectares per annum	693 hectares planted [61]	Achieved
	Percentage of dairy farms with an active Farm Environment Plan	15%	22%	32%	Achieved

No unplanned activity

[60] "active" is assessed by whether a farm plan has led to some delivery of erosion mitigation work in the past five years.

[61] Includes 507 hectares planted and 186 hectares native reversion.

Biodiversity management

The Wellington region's native biodiversity has declined since people arrived and the ecosystems that support it face ongoing threats and pressures. Wetlands are particularly important for biodiversity, but across the Wellington region less than 3 percent of our original wetlands remain.

Greater Wellington's Biodiversity Strategy sets a framework that guides how we work towards our biodiversity vision, that "Healthy ecosystems thrive in the Wellington region and provide habitat for native biodiversity". To achieve this, we manage ecologically important sites across the region, support landowner and community work to protect biodiversity, and provide biodiversity-related advice.

The year in summary

During 2017/18 we undertook a range of work to protect and enhance the biodiversity of the region. Through our Key Native Ecosystem (KNE) programme, we planned and coordinated ecological restoration at 58 sites of high ecological value across the region. Our Wetland Programme supported 20 landowners to improve the condition of 25 significant wetlands. Support included developing Restoration Management Plans and financially contributing to activities such as fencing, weed control and planting.

We continued working with iwi and other partners to restore the catchments of Wairarapa Moana and Te Awarua-o-Porirua Harbour. We raised awareness with schools and communities about these sites' important ecological and cultural values, and funded community groups to carry out restoration projects. Public awareness and education activities included Restoration Day, which celebrated the wider community's contributions to restoring our region's ecosystems, and our continued funding of the Enviroschools programme.

We provided advice on biodiversity policy and planning matters to various internal and external parties on request, and supported the hearing process for the Proposed Natural Resources Plan. We also developed a Regional Biodiversity Planning Group to enable cross-council collaboration and consistency in implementing biodiversity provisions of the Regional Policy Statement in district plans. The forum supports coordinated identification and protection of significant biodiversity sites across the region.

Measuring our performance

Level of service	**Performance measure**	**Performance targets**			
		Baseline (2014)	**2017/18 Target**	**2017/18 Actual**	**Achieved/not achieved**
Work with the regional community to improve the region's indigenous biodiversity	Number of identified high value biodiversity sites under active management[62]	120	80	97	Achieved
	Progress towards ecological management objectives[63]	No baseline	95%	96%	Achieved

No unplanned activity

[62] Active management can include improving legal protection, fencing, and undertaking the control of plant and animal pests

[63] Progress is assessed by reviewing management activities' direct contribution towards ecological management objectives

Pest management

Wellington Region's environment, economy and quality of life all benefit from avoiding the introduction of new pest plants and animals, and limiting the spread or mitigating impacts of those already here. Greater Wellington regulates, inspects and monitors pest animals and plants, provides direct pest control activities against pest plants and animals, provides pest management services (cost recovery) and supports community work to reduce pest numbers.

The year in summary

Supporting our focus to eradicate pests from the region, Greater Wellington delivered 92,800ha of possum control under our Regional Possum Predator Control Programme and intensive pest plant and pest animal control at 58 high biodiversity sites in our Key Native Ecosystems programme.

We regularly helped the public with pest plant and animal issues, which included advice and assistance for the control of various pest plants and pest animals. We also continued to provide education on pest management issues to primary, secondary and tertiary students.

Greater Wellington continues with efforts to minimise the impact of pest plants in the region. We surveyed 3930 properties, identifying and controlling a range of Total Control plant species. We trialled novel ways to apply X-Tree basal herbicide[64] treatment for woody weed species, a method that allows for more efficient and safe tree-weed control with the reduced use of herbicide and machinery.

Our staff developed an innovative improvement for the Goodnature A24 rat and stoat trap, making it very effective against hedgehogs at the dotterel nesting sites in the region. This ensured a very successful egg and hatchling survival rate. We also continued our efforts to eradicate rooks from the region, controlling 16 nests at eight active rookeries. We are now targeting the last known rook colonies in the region.

We partnered with Wellington City Council and the Next Foundation to be part of the visionary Predator Free Wellington project. Our pest animal expert designed the first-ever plan to eradicate rats and mustelids from the Miramar peninsula, which received strong support from national experts.

The review of the future direction of pest management in the region has reached a significant milestone. In June 2018, the council released a Proposed Regional Pest Management Plan 2019-2039 (RPMP) for public consultation. The RPMP is likely to be working by June 2019.

[64] X-Tree Basal is a pre-mixed triclopyr BEE and oil product which uses biodiesel and a special penetrant as the oil carrier to control pest plants. After trials it appears to be very effective on notoriously hard-to-kill species such as holly and evergreen buckthorn, with considerably less labour required.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 Actual	Achieved/not achieved
Work with landowners to reduce the impact of pest animals and plants within the region	Number of active pest plant "Total Control" sites with reproductively active plants	Nil	Nil	43 known sites and 17 new sites	Not achieved
	Number of possums in the Regional Possum Predator Control Programme area (RPPCP) (<5% Residual Trap Catch)	Low Less than 5% Residual Trap Catch	Low : <5%	Residual Trap catch was 2% overall	Achieved [65]
	Number of rabbits in the region (<5 on the Modified McLean Scale)	Low Less than 5 on the Modified McLean Scale (MMS)	Low : < 5	Rabbit numbers were lower than 5 on Modified McLean Scale	Achieved

Unplanned activity

We delivered additional pest animal control projects for territorial authorities and the NZ Transport Agency (e.g. a very successful goat control operation on the Paekākāriki escarpment).

[65] (overall RTC 0.8%, measured over 6 projects)

Harbour management

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

The year in summary

Greater Wellington co-ordinated water space and ensured safety plans were in place for more than 80 organised events on Wellington Harbour during summer. One event triggered an emergency service response.

We continued to provide education material and advice to recreational boat users on boat ramps and on the water. We participated in Maritime NZ's "No Excuses" enforcement campaign, along with Maritime NZ and Police staff, which included an increased presence on the water in Kāpiti. Seven infringement notices were issued over this summer for bylaw breaches.

Our staff at Wellington Harbour Radio assisted Centreport to ensure the more than 12,000 commercial shipping movements in and out of the harbour did so safely, as well as providing advice and assistance to recreational users. At least one major search and rescue operation was avoided because of staff vigilance.

Two oil spill response exercises were held in accordance with our agreement with Maritime NZ. These involved staff from across Greater Wellington as well as industry and other councils. We responded to 21 reports of oil in the water. Of these, one needed minor response action and we assisted an oil company to confirm no leaks from their pipeline after another report.

We assisted three boat owners whose boats had come off moorings, one vessel aground and aided the recovery of a vehicle from the foreshore, mostly in poor weather conditions.

In partnership with Centreport we continue to review and maintain safety procedures in accordance our Port & Harbour Safety Code Safety Management System. We are also working to increase our engagement with stakeholders.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	**2017/18 Target**	**2017/18 Actual**	**Achieved/not achieved**
Provide safe and competent maritime management for commercial and recreational users of our region's waters	That Beacon Hill Communications station is staffed and operational 24 hours a day, seven days a week	100%	100%	100%	Achieved
	That all navigational aids are working, 24 hours a day, seven days a week	100%	100%	100%	Achieved
	Percentage of reports of unsafe boating incidents investigated and appropriate actions taken	100%	100%	100%	Achieved
	Percentage of harbour oil spills responded to within 30 minutes and clean-up started within one hour	100%	100%	100%	Achieved
	Percentage of coastal oil spills responded to within 30 minutes and clean-up started within 3 hours	100%	100%	100%	Achieved

Unplanned activity

Our signal station at Beacon Hill was repainted two years earlier than planned due to some minor earthquake damage.

Protecting lives and livelihoods

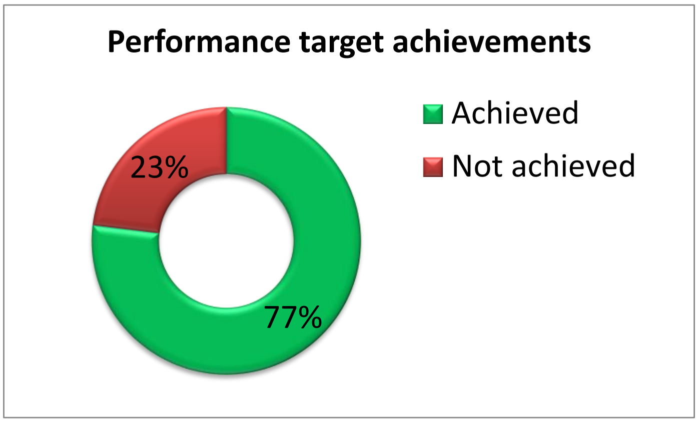
Flood protection and control works – Te Tiaki me te Arahi Waipuke

COMMUNITY OUTCOMES:

Strong economy
Resilient community
Engaged community
Healthy environment

ACTIVITIES:

Understanding flood risk
Maintaining flood protection and control works
Improving flood security



As global weather patterns change and become more unpredictable, our communities need to feel that flood risk to their lives, homes and livelihoods is appropriately managed.

Greater Wellington works with communities to develop floodplain management plans, provide flood warnings, maintain and build flood protection works, and provide increasingly in-demand advice and consultation services.

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

Understanding flood risk

Our Floodplain Management Planning involves significant community consultation, information and engagement. The goal is that communities can make informed decisions about how to manage flood risk and what levels of flood protection are appropriate, supported by the best scientific and engineering expertise.

The year in summary

Our work for the 2017/18 year has focused on developing two key floodplain management plans. We have completed the Te Kauru (Upper Ruamahanga) draft Floodplain Management Plan (Volume 1 and 2) and it has been endorsed for consultation by Masterton District Council and Carterton District Council. Consultation on these has begun and work on the Masterton urban area options will soon be under way. The Waiohine River revised flood mapping has been peer reviewed and released as interim flood maps for development of the Waiohine Floodplain Management Plan. Stopbanking options to protect Greytown have been consulted on with the community. The number of options has been narrowed from six to three, and will soon narrow further to a preferred option. Work continues to define the best long-term operational management objectives and other responses, such as possible planning controls and emergency management improvements.

In addition, work has progressed in the following areas:

- Flood hazard information for the Mangatarere Stream was publicly released
- Consultation on draft flood hazard plans for the Porirua Stream has begun in conjunction with Porirua City for its stormwater flood hazard study
- Revised modelling of the Hutt River flood hazard has begun and has been peer reviewed. Modelling of breach scenarios is continuing and will be completed next year
- Involvement continues with the Peka Peka to Ōtaki Expressway Project, where we are providing input on flooding-related matters
- 807 requests for advisory information have been responded to over the year
- We continued to provide a flood warning service

Our key projects and programmes

What we said we would do	What we did
Complete development of Te Kauru Upper Ruamahanga FMP	Progress with FMP development continues, volumes 1 and 2 containing rural options and general options have been completed, but option development for the Masterton urban area (volume 3) is on hold until the flood hazard has been agreed with Masterton District Council.
Complete development of the Waiohine Floodplain Management Plan	Council is working through a community-led approach to developing a Floodplain Management Plan for the Waiohine River and specifically determining appropriate levels of protection for Greytown. Completion of the FMP is being done through a collaborative process with the community.
Complete the Waiwhetu Floodplain Management Plan	This project has been deferred due to delays in completing other Floodplain Management Plans. It is scheduled to recommence restart in 2019/20.
Review the Ōtaki Floodplain Management Plan	This work is largely complete with draft recommendations being discussed with iwi partners before consultation with the community in September 2018

Begin development of Lower Ruamahanga Floodplain Management Plan (LWVD Scheme)	Deferred due to delays in completing other FMPs. This work will now be incorporated into a wider evaluation of the lower Wairarapa valley and is scheduled to begin in 2021/22.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	**2017/18 Target**	**2017/18 Actual**	**Achieved/not achieved**
Improving information and understanding of flood risk in the community	Percentage of high hazard flood prone land covered by a flood hazard map	13.0%	13.0%	42%	Achieved
	Percentage of catchments with Flood Management Plans in place	20.0%	20.0%	25%	Achieved
	Disseminate flood hazard maps within six months of completion	No baseline (NB: in 2016/17 achieved 100%)	100%	100%	Achieved
	Flood warning information is relayed to WREMO within one hour of receipt	100%	100%	100%	Achieved

Unplanned activity

The following pieces of work which had not been planned for have been completed:

- Release of flood hazard modelling information for the Mangatarere Flood Study Area
- Completion of the Hutt River Environmental Strategy review
- Porirua Stream draft flood hazard mapping. This is to be part of Porirua City Council District Plan review consultation beginning next year

Maintaining flood protection and control works

Physical flood protection is about stopbanks, river works and detention dams. Our region has one of the largest flood protection networks in the country. Greater Wellington manages assets valued at $386m, including 800 kilometres of river channels and 275 kilometres of stopbanks. We provide access tracks and planting so communities can continue to enjoy their rivers.

The year in summary

We have had another successful year completing river management programmes and improving the region's flood protection assets. Fortunately, there have not been any significant floods. Maintenance activities have included clearing river channels, removing blockages, undertaking river realignments, improving bank protection structures and maintaining river berms. A total of 3,600 tonnes of rock have been placed along riverbanks to repair erosion damage and maintain river alignments, and 11,900 willow poles have been planted to strengthen river buffers.

Our river margins continue to be very popular for recreational activities and events, and 12,700 native plants were planted with support from the community, along with environmental enhancements and improvements to access trails and amenities.

Our key projects and programmes

What we said we would do	What we did
Resource consents project	Discussions are continuing with submitters to resolve any issues without the need for formal hearings. A resolution on the way forward is likely. Renewal of the Barrage Gates operating consent is under way. Porirua Stream consents for gravel and stream works are on hold subject to discussions with Porirua City Council.
Asset Management Planning Improvements	The asset management improvement programme continued. The 2018 Asset Management Plan is being developed. The Asset Performance Tool was applied to scheme assets.
Implement new Health and Safety Legislation	2017/18 Health and Safety Plan implemented. The systems are promoting a healthy culture and working well to keep staff safe.
Develop changing work practices	The draft Code of Practice and the Environmental Monitoring Plan were further developed and discussed with stakeholders. Work commenced to disseminate the Code of Practice and communicate the intent of the code to staff.
Develop Community Partnerships	Strengthening of stakeholder relationships through ongoing support being provided to community interest groups, undertaking community walkovers of the Waikanae and Ōtaki river schemes and with activities in the Summer Events Programme.

Measuring our performance

Level of service	Performance measure	Performance targets				
		Baseline (2014)	2016/17 Actual	2017/18 Target	2017/18 Actual	Achieved/not achieved
Infrastructure is managed to agreed levels of service	Annual maintenance programme completed so that schemes are maintained to their full service potential[66]	100%	100%	100%	100%	Achieved
	Flood damage identified, prioritised and repair programme agreed with the community[67]	100%	100%	100%	100%	Achieved
Minimise the environmental impact of flood protection works	All flood protection works are undertaken in accordance with the draft Code of Practice.	100%	100%	100%	100%	Achieved
	Consent compliance	100%	100%	100%	100%	Achieved

Unplanned activity

Installation of a fish pass ramp on the St Ronans Avenue weir, Waiwhetu Stream, was completed, including associated citizen science activities. The St Ronans Avenue weir was a barrier to upstream fish migration and installation of the fish pass contributes to regional biodiversity outcomes.

Te Awa Kairangi/Hutt River – flood damage repair of Belmont erosion protection structures

[66] Non-Financial Performance Measures Rules 2013 measure for maintenance
[67] Non-Financial Performance Measures Rules 2013 measure for repairs

Improving flood security

Once a Floodplain Management Plan has been approved, we undertake the planning, gain consents and undertake the works that will provide the needed flood risk management for families, businesses and communities.

The year in summary

RiverLink has been the major focus of the 2017/18 work programme. It reached a major milestone in June 2018 when the preliminary design was approved by Hutt City Council and Greater Wellington Regional Council. Funding to complete design and construct the project was also approved in the 2018-2028 Long Term Plans of both councils.

In Upper Hutt, work continued in support of Upper Hutt City Council towards implementing the jointly developed Pinehaven Stream Floodplain Management Plan. In Kāpiti, the finishing of works linked to the completed Jim Cooke Park stopbank upgrade continued. These works are improving recreation, amenity and environmental outcomes in those areas. In Wairarapa, the Tainui improvement project was successfully completed.

Several work programmes forecast to reach implementation stage during the 2017/18 financial year have been delayed while in their Flood Plain Management Planning (FMP) investigation process stage, or as the result of an FMP review process. This has affected the timing for implementation of these works. The forecasts have been revised in the 2018-2028 LTP.

Our key projects and programmes

What we said we would do	What we did
RiverLink (Hutt River City Centre project) – complete detailed designs and procure construction tenders.	The preliminary design was completed and approval given by Hutt City Council and Greater Wellington Regional Council to proceed to detailed design and consenting. The LTP 2018-28 includes $125m to complete the flood protection works as outlined in the preliminary design. We progressed land acquisition for identified properties required to carry out the flood protection upgrade components of RiverLink. Approximately 60% of the land necessary for the works has now been acquired on a willing buyer, willing seller basis. A trial wetland was developed by Greater Wellington and Hutt City Council to test use of river berm areas for stormwater treatment to support delivery of freshwater quality outcomes.
Pinehaven Stream Floodplain Management Plan Implementation – Progress with construction	Assisted with Upper Hutt City Council's District Plan Change 42 process (Mangaroa and Pinehaven Flood Hazard Extents). Two appeals have been made to the Plan Change decision and consenting and construction of physical works identified in the Floodplain Management Plan is deferred until these are resolved.
Ōtaki River – progress with bank edge protections - Chrystalls Bend to Gorge - Construction decisions for rivermouth to SH1 (*pending review*)	This work was deferred until the review of the Ōtaki River Floodplain Management Plan is completed.
Ōtaki River – investigate land entry agreements for south stopbank (*pending review*)	This work was deferred pending completion of review of Ōtaki River Floodplain Management Plan.

Lower Wairarapa Development Scheme – complete the 2017/18 works programme	Projects affected by delays with land entry agreements. Tainui Improvement Project completed.
Waiohine Floodplain Management Plan Implementation – progress with construction	This work has been deferred pending completion of the Waiohine Floodplain Management Plan
Environmental Strategy Implementation – progress with environmental enhancement works in Hutt, Ōtaki and Waikanae rivers	This year several native planting projects have been undertaken, including at Taita/Pomare and Belmont. We continue to work with and support the activities of Friends of the Rivers and Streams groups across the region, which enable delivery of environmental strategy outcomes.
Te Awa Kairangi/Hutt River Māoribank & Ebdentown Riverbed Stabilisation – progress with construction	Work was not required at Māoribank due to earlier stabilisation work continuing to be successful. Ebdentown rock protection work completed.
Lower Waitohu Stream – complete South Waitohu stopbank	Deferred pending land entry agreement resolution.
Te Kauru Upper Ruamahanga FMP Implementation – complete the planning and design phase and commence construction	Deferred pending completion of the Te Kauru Upper Ruamahanga FMP.
Strategic land purchased in advance of physical works	No opportunities arose during the year beyond those planned as part of our major projects.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	**2017/18 Target**	**2017/18 Actual**	**Achieved/not achieved**
Improve the communities' resilience to flooding	Percentage of Floodplain Management Plan implemented	Te Awa Kairangi/Hutt – 30%	30%	30%	Achieved
		Ōtaki - 47%	50%	47%	Not achieved
		Waikanae – 45%	56%	56%	Achieved
		LWVDS[68] - 43%	63%	51%	Not achieved [69]
	Percentage of stopbanks that meet design standard	87%[70]	85%[71]	83%	Not achieved

Unplanned activity

The following work which had not been planned for was completed:

- Te Awa Kairangi/Hutt River – design of erosion protection adjacent to Port Road, Seaview, Lower Hutt
- Ōtaki River – Chrystalls Bend stopbank upgrade, support for NZ Transport Agency PP2Ō, Ōtaki River bridge
- Waikanae River – Jim Cooke Park stopbank ground surface condition improvements
- Pinehaven Stream – Pinehaven Reserve planting in support of Pinehaven School

68 Lower Wairarapa Valley Development Scheme.
69 This target measured a 10 year timeline to complete the work. The work has now been extended beyond the original 10 years and consequently the targets have not been med. These targets have been reviewed and updated for the 2018-28 Long Term Plan.
70 These measures are different from those in the 10 Year Plan 2015-25 due to an error. The figures included above are the correct ones.
71 These measures are different from those in the 10 Year Plan 2015-25 due to an error. The figures included above are the correct ones.

Places and spaces for our communities to explore and enjoy

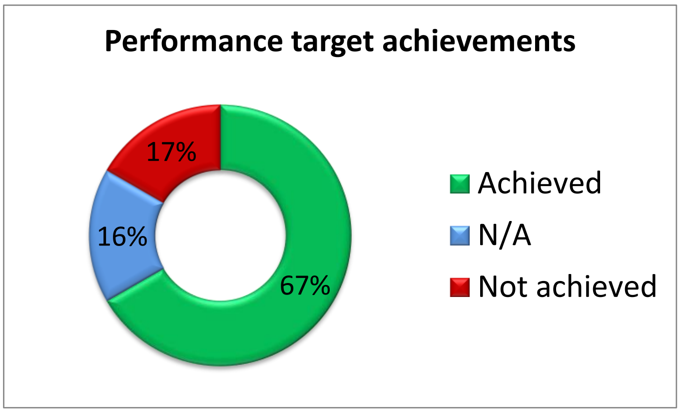
Parks – Ngā Papa Whenua

COMMUNITY OUTCOMES:

Engaged community
Healthy environment

ACTIVITIES:

Parks planning
Visitor services



Greater Wellington's regional parks are places where everyone can explore, learn about our vast natural history and protect our biodiversity.

We manage nine parks and two water collection areas across the region, totalling more than 50,000ha. Each one is a unique natural area; together they offer a huge range of recreational opportunities and experiences.

Our regional parks, forests and trails

Akatarawa Forest*:* 15,000 hectares of rugged wilderness between Upper Hutt and the Kāpiti coast, popular for motorised recreation, mountain biking, horse riding, hunting and tramping.

Battle Hill Farm Forest Park: a working farm, wetlands and remnant forest, plus a popular campground and site of one of the last battles between Māori and early colonial forces.

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

East Harbour Regional Park: sheltered valleys, sweeping bays, lighthouse and wetlands, includes Baring Head, Butterfly Creek and the freshwater Parangarahu Lakes.

Kaitoke Regional Park: Rata, rimu and beech shelter the Te Awa Kairangi/Hutt River gorge, with swimming holes, bushwalks, campsites, and the film setting for "Rivendell" in *The Lord of the Rings*.

Pakuratahi Forest: home to the Remutaka Rail Trail over restored railway bridges and through historic tunnels. Extensive horse riding and mountain biking trails near the popular Tunnel Gully and Mt Climie.

Queen Elizabeth Park: 638 hectares edged by a sandy beach, pa sites, World War II US Marine camps, tramways museum. Rare dune landscape, peat swamps and pastoral views.

Wainuiomata Recreation Area: peaceful and sheltered valley ideal for family outings, picnics and easy walks. Site of the historic Lower Dam, one of the first water supply dams for Wellington City.

While not a regional park*,* **Whitireia Park** is jointly managed via a park board with Ngāti Toa Rangatira and serviced by Greater Wellington. It has great views of Porirua Harbour and Mana Island, coastal cliffs, beaches and streams with swimming, snorkelling, rock climbing and golf.

As well as the parks we also have recreational river trails which the public are able to enjoy.

Hutt River Trail
The Hutt River Trail starts at Hikoikoi Reserve on Petone's Marine Parade and stretches 29 kilometres along the eastern riverbank of Te Awa Kairanga/Hutt River. Throughout the journey you can explore two sites where *The Lord of the Rings* was filmed. During 2016/17, more than a million visitors used the Hutt River Trail.

Waikanae River Trail
The Waikanae River flows from the western foothills of the Tararua Ranges about 50km north of Wellington. The upper catchment covers 125 square kilometres of predominately regenerating native bush, mature forest and pasture. About 40-50 people a day use the river trail for cycling, walking and dog walking. Other activities include horse riding, running, fishing and access to swimming sites.

Ōtaki River Trail
This 3.5km walkway starts at the highway near Winstone's shingle crushing plant, and runs along the top of the stopbank to the estuary at the rivermouth. About 140 people a week use the trail for walking (often with children and dogs), cycling, fishing and horse riding.

Parks planning

Our composite Parks Network Plan for eight regional parks and forests enables us to manage our park network as a whole, along with making specific provisions for the unique character of each park. The two water collection areas have their own management plan, and Whitireia Park is managed by a park board. Parks planning also involves assessing applications for leases and licences, and supporting other developments within the network such as planning studies for significant works.

The year in summary

The current Parks Network Plan was developed in 2010 and is now being reviewed. To support public feedback about what should change in our parks, a discussion document, *Everything is Connected*, was released this year, along with two supporting documents and a summary document. The aim of the consultation was to seek feedback and suggestions from the public and park stakeholders to inform the development of a new Parks Network Plan.

A wide range of consultation and engagement activities took place during the consultation period, including an online survey, direct mail, a series of social media (Facebook and Instagram) posts on a range of topics, meetings, and discussions with mana whenua partners and interested stakeholders and groups across the region such as friends groups, drop-in sessions, and a workshop for Queen Elizabeth Park stakeholders. The annual parks telephone survey also took place with additional questions to identify general community sentiment about this park and general questions to inform management plan preparation.

Significant park leases signed this year included a long-term lease for Riding for Disabled at Battle Hill Farm Forest Park. The group then began work to construct a covered riding arena which will be made available for periodic hire by other park users when completed. The riding facility will enable therapeutic riding activities to take place in all weather conditions. The local community has provided a high level of support to Riding for Disabled through volunteering and other activities.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 Actual	Achieved/not achieved
Maintain a current policy framework to manage the regional park network	Parks Network Plan is maintained and operative	No baseline	Parks Network Plan development extended over two financial years	Development was completed. Initial consultation to seeking feedback to inform a new Parks Network Plan has been undertaken	Achieved

Unplanned activity

A long-term lease application for new life saving club rooms at Paekākāriki was delayed while climate change implications, and in particular coastal erosion, were thoroughly investigated. Coastal erosion in this area is already affecting visitor facilities such as tracks and roads.

Visitor services

By providing visitor amenities and services, maintaining tracks and other facilities, liaising with licence holders and working with volunteers, we assist visitors and community groups and ensure the parks remain safe, well used and well presented.

The year in summary

During 2017/18, patronage of the regional parks continued to grow. We had record-breaking camping numbers as a result of the hot and dry weather. The percentage of the population visiting a regional park in the last 12 months has again increased.

We undertook a range of maintenance work and upgrades to our assets throughout the year, both in terms of our ongoing maintenance and in response to ex-tropical cyclone Gita. Queen Elizabeth Park took the brunt of the cyclone, while the Wainui stream pedestrian bridge was damaged and there was significant damage to coastal tracks near Paekākāriki and Raumati South. This type of damage only serves to highlight the need for the retreat of park infrastructure from the coastal zone, for which planning is under way. Final remediation works to the historic Woollen Mills Dam headwall and spillway from the May 2015 floods were completed, which included a new fish passage alongside the spillway. We also completed the final stage of removing weed and sediment within two kilometres of the North Whareroa water at Queen Elizabeth Park, which will improve native fish habitat.

Ramaroa was opened (see separate story on page 8) and several mountain biking facilities were improved – from track development projects undertaken with volunteer support, to a new car park at Tunnel Gully. A new "bike skills" area at Stratton Street has proved very popular with children and adults alike.

Our key projects and programmes

What we said we would do	What we did
Queen Elizabeth Park entranceway redevelopment	Completed construction and opened the new Ramaroa building at the Mackays Crossing entranceway, which includes the Kotare meeting room, park ranger's office, park toilets and covered deck area.
Ongoing asset replacement and maintenance programme across parks network	Completed construction of the new Kaeaea Track from Muritai Park to the Main Ridge in the East Harbour Regional Park northern forest. Finalised planning processes for major works, including the Baring Head vehicle bridge, the multi-use track from Hill Road to Old Coach Road and the Kaitawa Pou lookout area. We now actively manage 7,042 assets worth an estimated $77 million.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	**2017/18 Target**	**2017/18 Actual**	**Achieved/not achieved**
Provide facilities and services that support the community	Percentage of the population that has visited a regional park in the last 12 months	64%	67%	72%	Achieved
	Number of visits to a regional park in the last 12 months	No baseline	Increase on	1.8 million	N/A [72]

[72] Baseline established at 2017/18 figure.

enjoying, valuing and participating in regional parks			baseline		
	Percentage of regional park visitors who are satisfied with their experience	89%	≥90%	95%	Achieved
	Percentage increase in volunteer hours for current staff effort	9,984 hours	≥ previous year	62%	Not achieved [73]
	Average asset condition[74]	2	≤3	2.12	Achieved

Unplanned activity

Working with the family-owned Maclean Trust, we agreed a six-year partnership to restore peatlands to swamp forest in the northeast of Queen Elizabeth Park. This involved working with consultants to develop a restoration plan that will capture and treat water entering the park via highway and residential drainage systems, and a total 25 hectares of weed control and native planting. The first tranche (4ha) of planting was planned for early July 2018.

Fundraising during the period by the Friends of Baring Head Charitable Trust enabled substantial progress with restoration of the Baring Head lighthouse complex. Asbestos was removed and new roofs installed on the historic garage and generator shed. Through a separate three-way partnership between the Friends, Greater Wellington and the Million Metres programme, a large-scale riparian planting programme was started beside the Wainuiomata River at Baring Head in East Harbour Regional Park.

[73] In 2016/17 there were 17,293 volunteer hours recorded, which is significantly higher than usual, and 16,160 in 2017/18. So while there were significant volunteer hours in 2017/8, it does not represent an increase on the previous year.
[74] 1 = excellent and 5 = very poor

Financial Impact Statements for Greater Wellington's activities

REGIONAL LEADERSHIP
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2018

	2017/18 Actual	2017/18 Annual Plan	2017/18 Long Term Plan	2016/17 Long Term Plan	2016/17 Actual
	$000s	$000s	$000s	$000s	$000s
Operating funding					
Wellington Regional Strategy	4,974	4,939	4,960	4,840	4,800
Emergency Management	3,589	3,452	3,740	3,573	3,513
Democratic Services	2,171	1,954	2,225	2,253	2,347
Relationships with Maori	1,055	1,034	944	952	900
Regional transport planning and programmes	3,241	3,021	3,339	3,232	2,880
Regional initiatives [1]	4,255	4,466	5,244	5,433	3,761
Total operating funding *	**19,285**	**18,866**	**20,452**	**20,283**	**18,201**
Applications of operating funding					
Wellington Regional Strategy	(4,806)	(5,105)	(4,946)	(4,826)	(4,673)
Emergency Management	(3,510)	(3,395)	(3,483)	(3,380)	(3,643)
Democratic Services	(1,903)	(1,806)	(2,072)	(2,383)	(2,283)
Relationships with Maori	(933)	(1,033)	(943)	(921)	(695)
Regional transport planning and programmes	(3,504)	(3,442)	(3,364)	(3,291)	(3,206)
Regional initiatives [1]	(4,754)	(5,000)	(5,147)	(5,314)	(4,272)
Total applications of operating funding	**(19,410)**	**(19,781)**	**(19,955)**	**(20,115)**	**(18,772)**
Capital expenditure					
Capital project expenditure	(172)	(550)	(1,416)	(1,995)	(28)
			-	-	
Land and buildings	-	-	-	-	-
Plant and equipment	-	(45)	(47)	(63)	-
Vehicles	(198)	(150)	(178)	(263)	-
Total capital expenditure	**(370)**	**(745)**	**(1,641)**	**(2,321)**	**(28)**

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

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

All figures on this page exclude GST

REGIONAL LEADERSHIP
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2018

	2017/18 Actual $000s	2017/18 Annual Plan $000s	2017/18 Long Term Plan $000s	2016/17 Long Term Plan $000s	2016/17 Actual $000s
Sources of operating funding					
General rate	7,272	7,272	8,089	7,903	6,613
Targeted rates	7,301	8,004	8,807	8,820	7,886
Subsidies and grants for operating purposes	1,122	1,369	1,614	1,621	883
Fees and charges	18	18	3	3	18
Fines, infringement fees, and other receipts [1]	3,575	2,203	1,939	1,936	2,801
Total operating funding	**19,288**	**18,866**	**20,452**	**20,283**	**18,201**
Applications of operating funding					
Payments to staff and suppliers	(17,968)	(18,134)	(18,373)	(18,524)	(16,974)
Finance costs	(872)	(1,076)	(1,129)	(1,257)	(871)
Internal charges and overheads applied	(571)	(571)	(453)	(334)	(927)
Total applications of operating funding	**(19,411)**	**(19,781)**	**(19,955)**	**(20,115)**	**(18,772)**
Surplus/(deficit) of operating funding	**(123)**	**(915)**	**497**	**168**	**(571)**
Sources of capital funding					
Subsidies and grants for capital expenditure	51	281	401	183	11
Increase / (decrease) in debt	(54)	1,820	(2,290)	(1,365)	280
Gross proceeds from asset sales	65	45	52	78	-
Total sources of capital funding	62	2,146	(1,837)	(1,104)	291
Applications of capital funding					
- to meet additional demand	-		-	-	0
- to improve the level of service	-		-	-	-
- to replace existing assets	(370)	(745)	(1,641)	(2,321)	(28)
(Increase) / decrease in investments[2]	453	(1,211)	2,821	2,821	(112)
(Increase) / decrease in reserves	(22)	725	160	436	420
			-	-	
Total applications of capital funding	**61**	**(1,231)**	**1,340**	**936**	**280**
Surplus/(deficit) of funding	**-**	**-**	**-**	**-**	**-**
Depreciation on Regional Leadership assets	170	255	460	515	418

[1] This includes revenue from the territorial authorities to fund the amalgamated regional emergency management group

[2] This includes the change in the Warm Greater Wellington programme balance.

* Some budget numbers have been reclassified to aid comparability

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

All figures on this page exclude GST

PUBLIC TRANSPORT
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2018

	2017/18 Actual $000s	2017/18 Annual Plan $000s	2017/18 Long Term Plan $000s	2016/17 Long Term Plan $000s	2016/17 Actual $000s
Sources of operating funding					
General rate	-	-	-	-	-
Targeted rates	64,656	64,656	67,874	61,050	59,939
Subsidies and grants for operating purposes	67,509	87,685	80,425	73,576	60,611
Fees and charges	50,995	48,063	103,041	49,326	50,446
Fines, infringement fees, and other receipts [1]	4,514	2,273	2,207	2,238	4,010
Total operating funding	**187,674**	**202,677**	**253,547**	**186,190**	**175,006**
Applications of operating funding					
Payments to staff and suppliers	(170,337)	(172,792)	(216,733)	(155,940)	(160,786)
Finance costs	(12,757)	(13,562)	(15,772)	(15,275)	(12,581)
Internal charges and overheads applied	(5,853)	(5,853)	(3,968)	(3,904)	(5,081)
Total applications of operating funding	**(188,947)**	**(192,207)**	**(236,473)**	**(175,119)**	**(178,448)**
Surplus/(deficit) of operating funding	**(1,273)**	**10,470**	**17,074**	**11,071**	**(3,442)**
Sources of capital funding					
Subsidies and grants for capital expenditure	16,355	6,921	9,838	10,443	13,364
Increase / (decrease) in debt	(26,096)	15,777	16,257	6,241	10,186
Gross proceeds from asset sales	4	10	10	-	-
Total sources of capital funding	(9,737)	22,708	26,105	**16,684**	**23,550**
Applications of capital funding					
- to meet additional demand	(179)	(5,976)	-	-	(537)
- to improve the level of service	(7,571)	(11,664)	(20,898)	(19,495)	(446)
- to replace existing assets	(1,753)	(1,720)	(1,101)	(982)	(1,712)
(Increase) / decrease in investments[2]	(7,197)	(17,990)	(22,157)	(10,002)	(19,909)
(Increase) / decrease in reserves	1,189	4,172	977	2,724	2,497
Total applications of capital funding	**(15,511)**	**(33,178)**	**(43,179)**	**(27,755)**	**(20,108)**
Surplus/(deficit) of funding	**(26,521)**	**-**	**-**	**-**	**-**
Depreciation on Public Transport assets	1,670	1,662	3,788	1,809	1,245

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

2 Greater Wellington fully funds some public transport improvement expenditure at the time the expense is incurred, and recovers a share of the debt servicing costs from the New

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

All figures on this page exclude GST

PUBLIC TRANSPORT
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2018

	2017/18 Actual	2017/18 Annual Plan	2017/18 Long Term Plan	2016/17 Long Term Plan	2016/17 Actual
	$000s	$000s	$000s	$000s	$000s
Operating funding					
Metlink public transport network planning	1,937	2,174	3,462	2,918	2,370
Rail operations and asset management	111,859	123,761	128,791	121,109	108,237
Bus and ferry operations and asset management	59,701	61,278	109,434	54,668	53,804
Metlink customer services and information	11,046	12,538	8,848	4,594	7,821
Total mobility	3,131	2,926	3,012	2,901	2,774
Total operating funding	**187,674**	**202,677**	**253,547**	**186,190**	**175,006**
Applications of operating funding					
Metlink public transport network planning	(1,510)	(2,174)	(2,905)	(2,918)	(2,134)
Rail operations and asset management	(109,784)	(109,466)	(110,063)	(109,461)	(107,772)
Bus and ferry operations and asset management	(64,078)	(69,329)	(112,659)	(55,174)	(58,251)
Metlink customer services and information	(9,081)	(8,317)	(7,840)	(3,789)	(6,339)
Total mobility	(3,234)	(2,921)	(3,006)	(2,889)	(2,897)
Total applications of operating funding (excluding improvements)	**(187,687)**	**(192,207)**	**(236,473)**	**(174,231)**	**(177,393)**
Improvement Expenditure					
Rail operations and asset management	-	-	-	-	-
Bus and ferry operations and asset management	(1,260)	-	-	(888)	(1,054)
Total improvement expenditure	(1,260)	-	-	(888)	(1,054)
Total applications of operating funding (including improvements)	**(188,947)**	**(192,207)**	**(236,473)**	**(175,119)**	**(178,447)**
Net surplus/(deficit) of operating funding	**(1,273)**	**10,470**	**17,074**	**11,071**	**(3,441)**
Investment in Greater Wellington Rail Ltd					
Rail operations and asset management	**(7,197)**	**(17,990)**	**(22,157)**	**(10,002)**	**(19,909)**
Capital project expenditure					
New public transport shelters, signage,				(20,477)	
pedestrian facilities and systems	(7,275)	(19,320)	(21,958)		(1,268)
Land and buildings	-	-			-
Plant and equipment	(2,228)	-			(1,428)
Vehicles	-	(40)	(41)		-
Total capital expenditure	**(9,503)**	**(19,360)**	**(21,999)**	**(20,477)**	**(2,696)**
Total investment in Public transport Infrastructure	**(17,960)**	**(37,350)**	**(44,156)**	**(31,367)**	**(23,659)**

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

All figures on this page exclude GST

WATER SUPPLY
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2018

	2017/18 Actual $000s	2017/18 Annual Plan $000s	2017/18 Long Term Plan $000s	2016/17 Long Term Plan $000s	2016/17 Actual $000s
Sources of operating funding					
General rate	-	-			-
Targeted rates	-	-			-
Subsidies and grants for operating purposes	-	-			-
Fees and charges	-	-			-
Fines, infringement fees, and other receipts [1]	32,511	32,170	32,934	30,968	31,204
Total operating funding	**32,511**	**32,170**	**32,934**	**30,968**	**31,204**
Applications of operating funding					
Payments to staff and suppliers	(23,566)	(19,820)	(19,446)	(19,070)	(22,748)
Finance costs	(4,653)	(4,417)	(5,189)	(4,457)	(3,862)
Internal charges and overheads applied	(1,333)	(1,333)	(1,465)	(1,441)	(1,259)
Total applications of operating funding	**(29,552)**	**(25,570)**	**(26,100)**	**(24,968)**	**(27,869)**
Surplus/(deficit) of operating funding	**2,959**	**6,600**	**6,834**	**6,000**	**3,335**
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Increase / (decrease) in debt	13,902	9,421	22,511	3,123	3,732
Gross proceeds from asset sales	-	-	-	-	307
Total sources of capital funding	13,902	9,421	22,511	**3,123**	4,039
Applications of capital funding					
- to meet additional demand			-	-	-
- to improve the level of service	(12,518)	(8,892)	(21,354)	(3,499)	(2,071)
- to replace existing assets	(1,138)	(4,026)	(4,583)	(2,629)	(2,208)
(Increase) / decrease in investments[2]	(3,272)	(3,180)	(3,408)	(2,995)	(3,020)
(Increase) / decrease in reserves	67	77	-	-	(75)
Total applications of capital funding	**(16,861)**	**(16,021)**	**(29,345)**	**(9,123)**	**(7,374)**
Surplus/(deficit) of funding	**-**	**-**	**-**	**-**	**-**
Bulk Water Levy [1]	30,863	30,863	31,215	29,468	29,098
Depreciation on Water assets	10,801	10,514	10,981	11,281	11,170

1 This includes revenue from the bulk water supply levy charged to the Wellington, Upper Hutt, Porirua and Lower Hutt City councils and interest income

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

All figures on this page exclude GST

WATER SUPPLY
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2018

	2017/18 Actual $000s	2017/18 Annual Plan $000s	2017/18 Long Term Plan $000s	2016/17 Long Term Plan $000s	2016/17 Actual $000s
Operating funding					
Water Supply	32,511	32,170	32,934	30,968	31,204
Total operating funding	**32,511**	**32,170**	**32,934**	**30,968**	**31,204**
Applications of operating funding					
Water Supply	(29,552)	(25,570)	(26,100)	(24,968)	(27,869)
Total applications of operating funding	**(29,552)**	**(25,570)**	**(26,100)**	**(24,968)**	**(27,869)**
Capital expenditure					
Water sources	-	-	(1,657)	(225)	-
Water treatment plants	(2,128)	(2,839)	(1,489)	(1,248)	(2,649)
Pipelines	(482)	(995)	(12,048)	(1,079)	(267)
Pump stations	(10)	(40)	(42)	(41)	(201)
Reservoirs	-	-	-	-	-
Monitoring and control	(50)	(350)	(367)	(358)	(294)
Seismic protection	-	-	-	-	(296)
Energy	-	-	-	-	
Other	(10,985)	(8,639)	(10,276)	(3,120)	(564)
Land and buildings	-	-			-
Plant and equipment	(1)	(55)	(58)	(57)	(9)
Vehicles	-	-			-
Total capital expenditure	**(13,656)**	**(12,918)**	**(25,937)**	**(6,128)**	**(4,279)**

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

All figures on this page exclude GST

ENVIRONMENT
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2018

	2017/18 Actual	2017/18 Annual Plan	2017/18 Long Term Plan	2016/17 Long Term Plan	2016/17 Actual
	$000s	$000s	$000s	$000s	$000s
Sources of operating funding					
General rate	27,844	27,844	27,880	26,378	26,211
Targeted rates	534	534	636	578	484
Subsidies and grants for operating purposes	352	297	-	-	250
Fees and charges	5,599	5,250	4,349	4,243	5,199
Fines, infringement fees, and other receipts [1]	4,761	3,771	4,233	4,088	4,853
Total operating funding	**39,090**	**37,696**	**37,098**	**35,287**	**36,997**
Applications of operating funding					
Payments to staff and suppliers	(35,400)	(34,875)	(33,788)	(33,326)	(32,473)
Finance costs	(168)	(206)	(149)	(124)	(82)
Internal charges and overheads applied	(3,550)	(3,595)	(1,822)	(1,793)	(2,696)
Total applications of operating funding	**(39,118)**	**(38,676)**	**(35,759)**	**(35,243)**	**(35,251)**
Surplus/(deficit) of operating funding	**(28)**	**(980)**	**1,339**	**44**	**1,746**
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Increase / (decrease) in debt	1,044	1,782	(245)	1,107	897
Gross proceeds from asset sales	57	119	41	89	260
Total sources of capital funding	1,101	1,901	(204)	**1,196**	**1,157**
Applications of capital funding					
- to meet additional demand	-		-	-	-
- to improve the level of service	-	-	-	-	(1,773)
- to replace existing assets	(1,402)	(1,721)	(987)	(1,104)	(632)
(Increase) / decrease in investments[2]	-	-	-	-	-
(Increase) / decrease in reserves	329	800	(148)	(136)	(498)
Total applications of capital funding	**(1,073)**	**(921)**	**(1,135)**	**(1,240)**	**(2,903)**
Surplus/(deficit) of funding	**-**	**-**	**-**	-	-
Depreciation on Environment assets	705	781	695	620	619

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

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

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

All figures on this page exclude GST

ENVIRONMENT
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2018

	2017/18 Actual	2017/18 Annual Plan	2017/18 Long Term Plan	2016/17 Long Term Plan	2016/17 Actual
	$000s	$000s	$000s	$000s	$000s
Operating funding					
Resource management	20,423	19,885	17,967	16,972	19,223
Land management	5,216	5,044	6,429	6,005	4,914
Biodiversity management	4,865	4,778	4,591	4,490	4,680
Pest management	6,283	5,773	5,835	5,575	5,952
Harbour management	2,303	2,216	2,276	2,245	2,228
Total operating funding	**39,090**	**37,696**	**37,098**	**35,287**	**36,997**
Applications of operating funding					
Resource management	(21,187)	(20,641)	(17,134)	(17,438)	(18,394)
Land management	(4,924)	(5,454)	(6,211)	(5,795)	(4,413)
Biodiversity management	(4,683)	(4,767)	(4,543)	(4,444)	(4,567)
Pest management	(6,181)	(5,759)	(5,770)	(5,512)	(5,822)
Harbour management	(2,143)	(2,055)	(2,101)	(2,054)	(2,055)
Total applications of operating funding	**(39,118)**	**(38,676)**	**(35,759)**	**(35,243)**	**(35,251)**
Capital expenditure					
Capital project expenditure	(558)	(881)	(105)	(205)	(1,474)
Land and buildings	(14)	-	-	-	-
Plant and equipment	(518)	(672)	(706)	(543)	(513)
Vehicles	(312)	(168)	(176)	(356)	(418)
Total capital expenditure	**(1,402)**	**(1,721)**	**(987)**	**(1,104)**	**(2,405)**

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

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

All figures on this page exclude GST

FLOOD PROTECTION AND CONTROL WORKS
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2018

	2017/18 Actual $000s	2017/18 Annual Plan $000s	2017/18 Long Term Plan $000s	2016/17 Long Term Plan $000s	2016/17 Actual $000s
Sources of operating funding					
General rate	10,679	10,679	10,870	10,210	10,171
Targeted rates	7,310	7,310	8,011	7,293	7,005
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	2	-	-	-	1
Fines, infringement fees, and other receipts [1]	3,464	3,163	2,221	2,131	3,087
Total operating funding	**21,455**	**21,152**	**21,102**	**19,634**	**20,264**
Applications of operating funding					
Payments to staff and suppliers	(9,575)	(9,505)	(9,690)	(9,519)	(10,045)
Finance costs	(4,332)	(4,385)	(4,682)	(4,147)	(3,501)
Internal charges and overheads applied	(1,939)	(1,939)	(1,064)	(1,047)	(1,752)
Total applications of operating funding	**(15,846)**	**(15,829)**	**(15,436)**	**(14,713)**	**(15,298)**
Surplus/(deficit) of operating funding	**5,609**	**5,323**	**5,666**	**4,921**	**4,966**
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Increase / (decrease) in debt	24,476	16,643	10,290	8,810	10,241
Gross proceeds from asset sales	250	78	84	95	60
Total sources of capital funding	24,726	16,721	10,374	**8,905**	**10,301**
Applications of capital funding					
- to meet additional demand	-		-	-	-
- to improve the level of service	(29,224)	(21,079)	(14,498)	(12,449)	(14,062)
- to replace existing assets	(268)	(302)	(316)	(288)	(106)
(Increase) / decrease in investments [2]	(402)	(346)	(500)	(459)	(386)
(Increase) / decrease in reserves	(441)	(317)	(726)	(630)	(713)
Total applications of capital funding	**(30,335)**	**(22,044)**	**(16,040)**	**(13,826)**	**(15,267)**
Surplus/(deficit) of funding	**(0)**	**-**	**-**	-	-
Depreciation on Flood Protection and Control asse	1,100	978	1,126	952	928

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

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

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

All figures on this page exclude GST

FLOOD PROTECTION AND CONTROL WORKS
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2018

	2017/18 Actual $000s	2017/18 Annual Plan $000s	2017/18 Long Term Plan $000s	2016/17 Long Term Plan $000s	2016/17 Actual $000s
Operating funding					
Understanding flood risk	2,942	2,815	2,389	2,174	2,580
Maintaining flood protection and control works and Improving flood security	18,513	18,337	18,713	17,460	17,684
Total operating funding	**21,455**	**21,152**	**21,102**	**19,634**	**20,264**
Applications of operating funding					
Understanding flood risk	(2,406)	(2,473)	(2,057)	(1,873)	(2,598)
Maintaining flood protection and control works and Improving flood security	(13,440)	(13,356)	(13,379)	(12,840)	(12,700)
Total applications of operating funding	**(15,846)**	**(15,829)**	**(15,436)**	**(14,713)**	**(15,298)**
Capital expenditure					
Hutt River improvements	(27,501)	(16,595)	(7,011)	(5,829)	(10,415)
Otaki River improvements	(870)	(964)	(823)	(954)	(2,080)
Wairarapa scheme	(235)	(2,308)	(6,034)	(5,057)	(903)
Other flood protection	(618)	(1,212)	(630)	(609)	(653)
Land and buildings	-	-	-	-	-
Plant and equipment	(38)	(123)	(129)	(12)	(11)
Vehicles	(230)	(179)	(187)	(276)	(106)
Total capital expenditure	**(29,492)**	**(21,381)**	**(14,814)**	**(12,737)**	**(14,168)**

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

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

All figures on this page exclude GST

PARKS
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2018

	2017/18 Actual	2017/18 Annual Plan	2017/18 Long Term Plan	2016/17 Long Term Plan	2016/17 Actual
	$000s	$000s	$000s	$000s	$000s
Sources of operating funding					
General rate	6,582	6,582	6,270	6,096	6,176
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	10	-	-	-	38
Fees and charges	223	137	185	180	186
Fines, infringement fees, and other receipts [1]	781	675	611	597	862
Total operating funding	**7,596**	**7,394**	**7,066**	**6,873**	**7,262**
Applications of operating funding					
Payments to staff and suppliers	(4,885)	(4,722)	(5,337)	(5,199)	(4,806)
Finance costs	(422)	(430)	(526)	(465)	(311)
Internal charges and overheads applied	(1,506)	(1,506)	(771)	(764)	(1,452)
Total applications of operating funding	**(6,813)**	**(6,658)**	**(6,634)**	**(6,428)**	**(6,569)**
Surplus/(deficit) of operating funding	**783**	**736**	**432**	**445**	**693**
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	45
Increase / (decrease) in debt	722	2,391	1,120	1,079	1,871
Gross proceeds from asset sales	121	118	44	53	60
Total sources of capital funding	843	2,509	1,164	**1,132**	**1,976**
Applications of capital funding					
- to meet additional demand	-		-	-	(805)
- to improve the level of service	-		-	-	(121)
- to replace existing assets	(1,909)	(3,609)	(1,760)	(1,741)	(1,732)
(Increase) / decrease in investments	-	-	-	-	-
(Increase) / decrease in reserves	283	364	164	164	(11)
Total applications of capital funding	**(1,626)**	**(3,245)**	**(1,596)**	**(1,577)**	**(2,669)**
Surplus/(deficit) of funding	**-**	**-**	**-**	-	-
Depreciation on Parks assets [2]	2,329	2,271	2,273	2,271	2,221

1 This includes rental income and park activity fees

2 Depreciation increased substantially compared to the LTP budget due to the higher than expected revaluation 0n 1 July 2013 which was completed after the LTP budget was adopted.

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

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

All figures on this page exclude GST

PARKS
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2018

	2017/18 Actual $000s	2017/18 Annual Plan $000s	2017/18 Long Term Plan $000s	2016/17 Long Term Plan $000s	2016/17 Actual $000s
Operating funding					
Parks Planning	699	679	266	259	592
Visitor Services	6,897	6,715	6,800	6,614	6,670
Protecting the environment of regional parks	-	-			-
Total operating funding	**7,596**	**7,394**	**7,066**	**6,873**	**7,262**
Applications of operating funding					
Parks Planning	(692)	(740)	(266)	(259)	(514)
Visitor Services	(6,118)	(5,883)	(6,332)	(6,134)	(6,002)
Protecting the environment of regional parks	(3)	(35)	(36)	(35)	(53)
Total applications of operating funding	**(6,813)**	**(6,658)**	**(6,634)**	**(6,428)**	**(6,569)**
Capital expenditure					
Battle Hill Farm Forest Park	(30)	(227)	(146)	(14)	(6)
Belmont Regional Park	(444)	(442)	(271)	(442)	(689)
Queen Elizabeth Park	(801)	(1,237)	(1,057)	(930)	(1,372)
Whitireia Park	(18)	(139)	(13)	(7)	(2)
Pakuratahi Forest	(77)	(120)	-	(85)	(79)
Akatarawa Forest	(8)	(144)	(1)	(6)	(103)
Wainuiomata Recreation Area	-	(39)	-	(16)	(29)
Kaitoke Regional Park	(12)	(32)	(8)	(22)	(41)
East Harbour Regional Park	(172)	(862)	-	-	(87)
Other	1	-	(109)	(21)	(114)
Capital project expenditure	(1,561)	(3,242)	(1,605)	(1,543)	(2,522)
Land and buildings	(34)	-	-	-	-
Plant and equipment	(161)	(50)	-	-	(30)
Vehicles	(153)	(317)	(155)	(198)	(106)
Total capital expenditure	**(1,909)**	**(3,609)**	**(1,760)**	**(1,741)**	**(2,658)**

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

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

All figures on this page exclude GST

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

Overview

Greater Wellington has a significant portfolio of investments, comprising:

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

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

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

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

Treasury management

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

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

Local Government Funding Agency

Greater Wellington is a founding shareholder in the Local Government Funding Agency (LGFA). The LGFA was established by statute in December 2011 and Greater Wellington has subscribed to $1,866,000 of shares in the LGFA. The LGFA assists local authorities with their wholesale debt requirements by providing funds at better rates than are available directly in the marketplace. Greater Wellington sources term debt requirements from the LGFA and receives an annual dividend.

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

Liquid financial deposits

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

Administrative properties

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

Forestry and business units

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

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

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

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

Civic Financial Services Limited and Airtel Ltd

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

Wellington Regional Economic Development Agency (WREDA)

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

Westpac Stadium

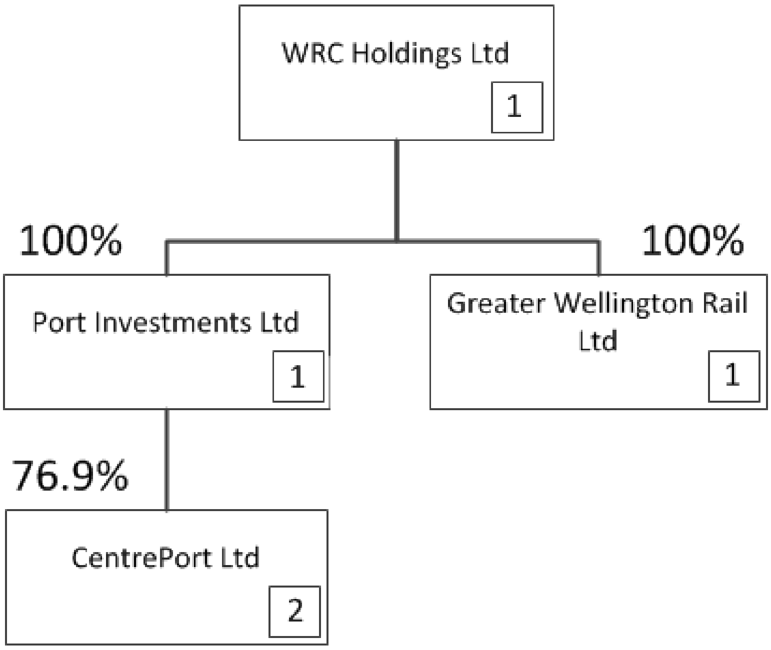
Westpac Stadium is a regional facility which provides a high-quality, multi-purpose venue for sporting and cultural events.

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

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

WRC Holdings Group

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



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

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

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

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

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

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

WRC Holdings parent financial performance targets are:

	Actual 2018	Target 2018	Actual 2017
Dividend distribution $000s		-	-
Dividend distribution %	0.0%	-%	0.0%
Return on equity[75]	(0.1)%	-%	(0.0)%
Return on assets[76]	0.3%	0.4%	0.%
Shareholders' funds to total assets	83.4%	84.2%	82.0%

WRC Holdings group financial performance targets are:

	Actual 2018	Target 2018	Actual 2017
Net profit/(deficit) before tax	$ 23.8 million	$77.3 million	$48.6 million
Net profit/(deficit) after tax[77]	$ 23.1 million	$78.1 million	$36.1 million
Earnings before interest, tax and depreciation	$ 60.0million	$105 million	$82.9 million
Return on total assets[78]	5.1%	17.0%	8.0%
Return on shareholders' funds[79]	3.1%	11.9%	5.3%
Stakeholders' funds to total assets	65.8%	66.2%	61.1%
Dividends[80]	-	-	-

The main drivers for the variance to target are lower insurance proceeds than budgeted by CentrePort, this is a timing issue, higher expenditure at CentrePort. These flow through to the returns on equity and assets.

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

- Samantha Sharif (Chair)
- Prue Lamason (Deputy Chair)
- Roger Blakeley
- Barbara Donaldson
- Ian McKinnon
- Nick Leggett

Greater Wellington Rail Ltd

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

- 18 SW Carriages
- 6 SE Carriages
- 1 AG Luggage van

[75] Based on net surplus before tax divided by average equity, but excluding revaluation gains and losses.
[76] Based on earnings before interest and tax divided by average assets.
[77] Net profit after tax, but before deduction of minority interest.
[78] Earnings before interest and tax as a percentage of average total assets.
[79] Net profit after tax (and after deduction of minority interest) as a percentage of average shareholder equity (excluding minority interest.
[80] Dividends (interim and final) paid or payable to the shareholder.

- 83 Matangi units
- 2 remote controlled shunt crabs
- Rail infrastructure – EMU depot, rail stations, overbridges/underpasses, car parks

Performance targets

	Actual 2018	Target 2018	Actual 2017
Shareholders' funds to total assets	(81%)	(81.7)%	(80.0)%
Operating costs are maintained overall within budget	Complied	Complied	Complied

Port Investments Ltd

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

The major activities of CentrePort are:

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

	Actual 2018	Target 2018	Actual 2017
Dividend distribution $000s	-	-	-
Dividend distribution%	-	-	-
Return on equity[81]	18.8%	(87.3)%	(21.2)%
Return on assets[82]	1.0%	(0.2)%	(1.2)%
Shareholders' funds to total assets	5.2%	1.9%	5.3%

Port Investments Limited received a $1.5 million dividend from CentrePort earlier than assumed by the plan.

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

[81] Based on net surplus before tax divided by average equity, but excluding revaluation gains and losses. Based on earnings before interest and tax divided by average asset
[82] Based on earnings before interest and tax divided by average assets

CentrePort Limited

	Actual 2018	Target 2018	Actual 2017
Net profit before tax	$ 15.2 million	$20.1 million	$10.8 million
Net profit after tax	$ 11.8 million	$15.9 million	$39 million
Return on total assets[83]	6.0%	10.8%	4.2%
Return on shareholders' funds[84]	5.5%	8.0%	4.3%
Dividends distribution as a percentage of NPAT	16.9%	0%	1.8%
Dividend[85]	$1.5 million	-	$0.78 million
Interest cover ratio[86]	11	11	3.7
Gearing ratio[87]	9%	16.3%	18.5%

Directors of CentrePort Ltd are:

- Lachie Johnstone (Chair)
- Richard Janes (Deputy Chair)
- Mark Petersen
- David Benham
- Sophie Haslem
- John Monaghan

[83] Net profit before interest and tax as a percentage of average total assets.
[84] Net profit after tax as a percentage of average shareholders' funds.
[85] For forecasting purposes the base of 40% (rounded to the nearest $100k) has been used for out-year reporting.
[86] The company has set medium and long-term financial performance and financial health targets. Earnings before interest, tax and deprecation, divided by interest expense.
[87] Total liabilities divided by total assets.

Safety and Security Performance Targets

Objective	Performance measure	Performance target FY18	Q4 (full year) report against target
Year-on-year improvement towards zero harm	Implementation of five-year action plan	Year one action items completed	Performance measure replaced by a rolling 2 year H&S strategy. Action items on track
	Lost time injury frequency (per 200,000 hours worked)	≤ 3.6	2.42
	Lost time injury severity (per 200,000 hours worked)	≤ 50	7.73
	bSafe reports (incident and near miss reports)	> 800	1,253
Comply with the AS/NZS 4801: Occupational Health and Safety Management Systems	AS/NZS 4801 audit completed in alternate years to WSMP	Compliance with AS/NZS 4801	This measure has been replaced with a safe+ audit from Worksafe and ACC. Audit completed
Maintain a Health and Safety Policy that leads our zero harm aspiration and actions	Policy reviewed annually against CentrePort's objectives and external benchmarks	Compliance with policy	Policy reviewed
Maintain and promote excellence in marine operations consistent with the Port & Harbour Safety Code (PHSC)	The requirements of the PHSC continue to be met	No breaches of the PHSC	No breaches of PHSC
	Risk assessments of new tasks or reviews post incident completed	All new task risk assessments and post incident reviews complete	Assessment and reviews complete
Maintain compliance with the International Ship & Port Security (ISPS) Code	Compliance is maintained, all incidents are reported to MNZ and NZ Customs Service, and learning reviews are undertaken and recommendations implemented	Compliance maintained	Compliance maintained. Audit completed in November 2017

Environmental Performance Targets

Objective	Performance measure	Performance target FY18	Q4 (full year) report against target
Ensure regulatory compliance	Compliance breaches	Zero	No compliance breaches. Proactive approach being taken to compliance. Resource consents obtained or being sought as required e.g. soil disturbance and stormwater discharges.
Minimise risk to the environment	System: consistency with ISO14001	Audit and first stage certification complete (note 1 below	Audit and certification not completed. Development of updated EMS is underway. Completion expected in 2018.
	Incidents: number of registered environmental incidents (FY2015 baseline – 32)	Minimum 10% decrease from base line – NB new incident reporting system introduced	31 incidents in FY18. Improvements made to reporting system and culture of reporting.
	Complaints: number of complaints from external stakeholders about environmental performance	Zero	Three complaints received (relating to noise and waste issues). Mitigation measures introduced in each case
Realise opportunities to be more sustainable	Greenhouse gas emissions (quantity CO_2 equivalent) emissions measured in accordance with ISO 14064 –1:2006 and the Greenhouse Gas Protocol.	Emissions intensity reduction plan and targets complete (reduction targets for FY19-20 to be set) Verified annual emissions inventory complete	Emissions reduction plan still in development as part of EMS. Completion expected in 2018.
	Ozone depleting substances used (quantity methyl bromide released to atmosphere)	100% use of recapture technology for container fumigation	Recapture technology used for all container fumigation
	Solid waste to landfill (quantity)	Waste minimization plan developed. Waste minimization	Available reuse of 26,058t of concrete, 3,868m3 of asphalt

		integrated into EQ recovery projects	and 1,100t of metal.
Improve stakeholder relations	Environmental Consultative Committee meeting frequency	At least three per annum	Two meetings held. Third meeting planned for August 2018
	Iwi engagement	Pre-lodgement consultation undertaken for 100% of resource consent applications	Pre-lodgement consultation undertaken for all resource consent applications
	Transparency	Performance against targets reported in Annual Report	Reported.
Develop a culture of awareness and responsibility	Board sub-committee (Health Safety and Environment) meeting frequency	At least four per annum	Four meetings held
	Internal 'sustainability sub committee' meeting frequency	At least three per annum	Monthly meetings held

Notes: 1. Based on a three stage certification process to achieve ISO 14001 (using EnviroMark or similar)

Social performance targets	Progress update
Contribute to the desired outcome of the Wellington Regional Strategy through:	
The provision of workplace opportunities and skills enhancements of our employees	To continue to support the regeneration of the business, CentrePort has recruited a significant number of key professional and operational roles across all levels of the business. This has provided employment opportunities primarily for local and regional people, and provided advancement opportunities for internal staff. The Container Services Platform for Growth Project which aims to deliver our two-three year container growth plan has required us to conduct large scale targeted training resulting in multi-skilled employees and further recruitment of operational managers and employees.
Ensuring the regional economy is connected by the provision of high quality port services to support international and coastal trade	CentrePort continues to implement a series of projects of works on port to repair and remediate the impact of the November 2016 Kaikoura earthquake. Modifying operations and innovative solutions has enabled CentrePort to not only return to pre-quake levels of operation (despite a reduced operational footprint) but to achieve record volumes in most areas. The ship-to-shore cranes returned to service in September 2017 after being out of action for ten months, and container volumes are on track to return to pre-quake levels with strong growth indicators for the future. CentrePort has a series of medium term focus areas supported by projects that are enabling the business, increasing resilience, and reinstating/repairing earthquake impacts. These all support CentrePort's longer-term 'regeneration' planning which is currently in process.
Collaborating with key partners of CentrePort's business to improve service outcomes	CentrePort continues to invest in and work with partners on the hinterland hub network serviced by CentreRail to create logistics chains solutions and efficiencies for customers
Supporting the regional community by investing in community sponsorship	CentrePort partners with organisations / events to help promote commerce and prosperity, as well as trying to make a difference in communities. CentrePort staff are involved in participating in fundraising events such as Loud Shirt Day and interacting with community organisation recipients such as City Mission. CentrePort has continued sponsorships of the ExportNZ awards, the Whanganui Chamber of Commerce, the Wellington Youth Sailing Trust, and the Maritime Heritage Trust of Wellington (Hikitea Floating Crane fund).
To meet regularly with representative community groups	CentrePort met regularly with community groups as part of the Environmental Consultative Committee. Meetings were held in November 2017 and March 2018, community group members attended port tours and separate post earthquake updates were provided. In addition, various community groups and individuals were engaged directly regarding Port related initiatives such as the use of Kaiwharawhara Point for waste minimisation.

General performance targets	**Progress update**
The company will, in consultation with the shareholders, continue to develop performance targets in the financial, environmental and social areas.	Performance targets are reviewed and agreed in the development of the Statement of Intent.
CentrePort will report achievement against the above targets in the quarterly reports to shareholders and the annual report. The report will include specific initiatives to enhance the environment in which we operate.	Quarterly reporting has been scheduled with the shareholders.
CentrePort will also report in its quarterly report to shareholders the company's strategy when it is completed with quarterly updates of any amendments to the strategy.	Quarterly reporting has been scheduled with the shareholders.

Wellington Regional Economic Development Agency (WREDA)

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

Performance targets

At the time of finalising the 10 Year Plan 2015-25 performance measures and targets were being negotiated with WREDA. WREDA's 2016-2019 Statement of Intent-articulates its performance objectives over that period. These performance measures are reported annually to Greater Wellington via the WRS Committee. At the time of finalising this report, Greater Wellington was awaiting WREDA's Annual Report for 2017/18.

Wellington Water

Wellington Water manages Greater Wellington's bulk water supply function. Wellington Water also manages local supply, stormwater and wastewater service delivery in the four cities of the Wellington Region. Wellington Water is jointly owned by Greater Wellington, Wellington City Council, Hutt City Council, Upper Hutt City Council and Porirua City Council, who each have a 20 percent share. It is run by an independent board of directors and is accountable to the Wellington Water Committee – a joint committee of elected representatives from each of the shareholding councils.

Performance targets

Wellington Water's performance targets, and performance for the 2017/18 year, are set out in the Water Supply section.[88]

[88] Pages 41-44 of this document sets out the performance report against the 10 Year Plan 2015-25 measures, as included in the Wellington Water Annual Report.

INVESTMENTS
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2018

	2017/18 Actual	2017/18 Annual Plan	2017/18 Long Term Plan	2016/17 Long Term Plan	2016/17 Actual
	$000s	$000s	$000s	$000s	$000s
Sources of operating funding					
General rate[1]	(9,898)	(9,898)	(7,245)	(9,588)	(10,041)
Targeted rates	978	978	965	2,677	2,676
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	125	-	-	-	552
Fines, infringement fees, and other receipts [2,3]	28,161	27,239	24,648	24,876	25,095
Total operating funding	**19,366**	**18,319**	**18,368**	**17,965**	**18,282**
Applications of operating funding					
Payments to staff and suppliers	(2,470)	(2,462)	(1,297)	(1,465)	(1,412)
Finance costs	(19,819)	(19,244)	(16,146)	(14,017)	(16,813)
Internal charges and overheads applied	(45)	-	-	-	(39)
Total applications of operating funding	**(22,334)**	**(21,706)**	**(17,443)**	**(15,482)**	**(18,264)**
Surplus/(deficit) of operating funding	**(2,968)**	**(3,387)**	**925**	**2,483**	**18**
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Increase / (decrease) in debt	30,772	9,966	7,417	1,745	1,656
Gross proceeds from asset sales	12	19	40	39	42
Total sources of capital funding	30,784	9,985	7,457	**1,784**	**1,698**
Applications of capital funding					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	(440)
- to replace existing assets	(1,225)	(719)	(6,520)	(121)	(65)
(Increase) / decrease in investments[2]	739	1,519	(433)	(1,167)	1,185
(Increase) / decrease in reserves	(809)	(7,398)	(1,429)	(2,979)	(2,396)
Total applications of capital funding	**(1,295)**	**(6,598)**	**(8,382)**	**(4,267)**	**(1,716)**
Surplus/(deficit) of funding	**26,521**	**-**	**-**	-	-
Depreciation on Investment assets	348	368	374	358	501

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

2 Other receipts include revenue from internal income from public transport to fund the rail infrastructure that will is owned by the 100% Council-Controlled Trading Organisation, Greater Wellington Rail Ltd. The funds recovered are utilised for an equity injection into Greater Wellington Rail Ltd to enable Greater Wellington Rail Ltd to fund Greater Wellington's share of the upgrades.

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

Internal interest revenue	23,603	21,629	17,620	17,197	19,723
Investment in Greater Wellington Rail Ltd [3]	-	-	10,002	139,623	-

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

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations
For more information on the revenue and financing mechanisms applicable to investments, please refer

All figures on this page exclude GST

Financial Statements – he purongo putea

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Greater Wellington Regional Council
Statement of Comprehensive Revenue and Expense
For the year ended 30 June 2018

	Note	Council Actual 2018 $'000	Council Budget 2018 $'000	Council Actual 2017 $'000	Group Actual 2018 $'000	Group Actual 2017 $'000
Operating revenue						
Rates and levies	3	**152,995**	**154,825**	147,055	**152,995**	147,055
Transport operational grants and subsidies	3	**69,059**	**72,647**	64,036	**69,059**	64,036
Transport Improvement grants and subsidies	3	**16,406**	**23,905**	13,419	**16,406**	13,419
Other revenue	3	**77,132**	**66,905**	72,962	**154,137**	139,477
		315,592	**318,282**	297,472	**392,597**	363,987
Other gains / (losses) - net		**(1,679)**	**37**	(1,007)	**(2,117)**	(1,103)
Total operating revenue and gains		**313,913**	**318,319**	296,465	**390,480**	362,884
Operating expenditure						
Employee benefits	4	**(46,118)**	**(46,244)**	(42,493)	**(71,343)**	(65,570)
Grants and subsidies		**(148,056)**	**(156,669)**	(144,317)	**(135,872)**	(133,678)
Depreciation and amortisation	5	**(18,644)**	**(17,930)**	(18,221)	**(42,462)**	(41,822)
Finance expenses		**(19,843)**	**(19,921)**	(16,477)	**(32,170)**	(27,039)
Other operating expenses	6	**(78,921)**	**(70,673)**	(72,906)	**(132,683)**	(118,582)
Transport improvement expenditure		**(1,262)**	**-**	(1,056)	**(1,262)**	(1,056)
Total operating expenditure		**(312,844)**	**(311,437)**	(295,470)	**(415,792)**	(387,747)
Operating surplus/(deficit) before other items and tax		**1,069**	**6,882**	995	**(25,312)**	(24,863)
Share of associate's surplus/(deficit)		**-**	**-**	-	**23,081**	(18,569)
Earthquake related items:						
Insurance deductible expenses	8	**-**	**-**	-	**(33,628)**	(19,305)
Impairment of assets	8	**-**	**-**	-	**(2,596)**	(59,412)
Insurance progress payment receivable	8	**-**	**-**	-	**55,583**	166,042
Other fair value changes						
Gain / (loss) financial instruments	7	**(8,684)**	**9,250**	17,918	**94**	28,248
Fair value gain/(loss) on investment property	19	**-**	**-**	-	**(975)**	-
Total fair value movements		**(8,684)**	**9,250**	17,918	**18,478**	115,573
Surplus/(deficit) before tax		**(7,615)**	**16,132**	18,913	**16,247**	72,141
Tax (expense)/benefit	9	**-**	**-**	-	**1,254**	(10,884)
Surplus from continuing operations		**(7,615)**	**16,132**	18,913	**17,501**	61,257
Operating surplus / (deficit) after tax		**(7,615)**	**16,132**	18,913	**17,501**	61,257
Other comprehensive revenue and expenses						
Increases / (decreases) in revaluations		**195,041**	**54,655**	67,107	**195,041**	13,045
Total other comprehensive income		**195,041**	**54,655**	67,107	**195,041**	13,045
Total comprehensive income		**187,426**	**70,787**	86,020	**212,542**	74,302
Surplus is attributable to:						
Attributed to:						
Equity holders of the Parent		**187,426**	**70,787**	86,020	**203,742**	73,777

	Note	Council			Group	
		Actual 2018 $'000	**Budget 2018 $'000**	Actual 2017 $'000	**Actual 2018 $'000**	Restated* Actual 2017 $'000
Non-controlling interest		**-**	**-**	-	**8,800**	525
		187,426	**70,787**	86,020	**212,542**	74,302

Greater Wellington Regional Council
Statement of Financial Position
As at 30 June 2018

	Note	Council Actual 2018 $'000	Council Budget 2018 $'000	Council Actual 2017 $'000	Group Actual 2018 $'000	Group Actual 2017 $'000
ASSETS						
Current assets						
Cash and cash equivalents	11	**5,308**	**21,318**	346	**7,622**	567
Trade and other receivables	12	**37,674**	**21,849**	35,638	**46,937**	42,752
Other financial assets	14	**73,056**	**30,466**	46,154	**73,056**	46,154
Inventories	13	**3,097**	**-**	3,105	**4,448**	4,525
Derivatives	21	**206**	**-**	11	**206**	11
Current tax receivables		**-**	**-**	-	**-**	601
Other current assets	8	**-**	**-**	-	**59,268**	62,684
Total current assets		**119,341**	**73,633**	85,254	**191,537**	157,294
Non-current assets						
Other financial assets	14	**21,801**	**39,162**	52,139	**21,801**	52,139
Property, plant and equipment	16	**1,164,799**	**989,389**	933,661	**1,702,425**	1,475,338
Intangible assets	17	**10,487**	**-**	8,083	**13,698**	11,370
Investment in subsidiaries	20	**256,595**	**271,527**	249,145	**-**	-
Investment properties	19	**-**	**-**	-	**13,679**	12,022
Derivatives	21	**450**	**-**	260	**450**	260
Investments accounted for under the equity method		**-**	**-**	-	**487**	404
Deferred tax assets	10	**-**	**-**	-	**21,332**	27,616
Investments in joint ventures	15	**-**	**-**	-	**74,584**	59,398
Total non-current assets		**1,454,132**	**1,300,078**	1,243,288	**1,848,456**	1,638,547
Total assets		**1,573,473**	**1,373,711**	1,328,542	**2,039,993**	1,795,841
LIABILITIES						
Current liabilities						
Derivatives	21	**671**	**-**	914	**671**	914
Trade and other payables	22	**41,737**	**26,689**	42,423	**48,577**	45,474
Interest bearing liabilities	23	**99,622**	**166,168**	96,767	**121,662**	96,913
Employee benefits liabilities and provisions	24	**2,790**	**-**	2,935	**6,310**	6,088
Total current liabilities		**144,820**	**192,857**	143,039	**177,220**	149,389
Non-current liabilities						
Interest bearing liabilities	23	**280,000**	**230,000**	230,700	**324,080**	310,780
Derivatives	21	**41,047**	**-**	34,616	**41,047**	43,394
Deferred tax liabilities	10	**-**	**-**	-	**109,566**	116,166
Employee benefits liabilities and provisions	24	**194**	**-**	201	**839**	953
Total non-current liabilities		**321,241**	**230,000**	265,517	**475,532**	471,293
Total liabilities		**466,061**	**422,857**	408,556	**652,752**	620,682
Net assets		**1,107,412**	**950,854**	919,986	**1,387,241**	1,175,159
EQUITY						
Retained earnings		**332,077**	**372,942**	338,420	**559,163**	550,491
Other reserves		**775,335**	**577,912**	581,566	**773,967**	578,897
Minority interest		**-**	**-**	-	**54,111**	45,771
Total equity		**1,107,412**	**950,854**	919,986	**1,387,241**	1,175,159

Greater Wellington Regional Council
Statement of Financial Position
As at 30 June 2018
(continued)

	Council			Group	
					Restated*
	Actual	**Budget**	Actual	**Actual**	Actual
	2018	**Budget**	2017	**2018**	2017
Note	**$'000**	**$'000**	$'000	**$'000**	$'000

Chris Laidlaw
Chair

31 October 2018

Greg Campbell
Chief Executive

31 October 2018

Dave Humm
General Manager Corporate Services / Chief Financial Officer
31 October 2018

Greater Wellington Regional Council
Statement of Changes in Equity
For the year ended 30 June 2018

	Note	Council Actual 2018 $'000	Council Budget 2018 $'000	Council Actual 2017 $'000	Group Actual 2018 $'000	Group Actual 2017 $'000
Opening Equity		**919,986**	**880,067**	833,966	**1,175,159**	1,101,023
Operating surplus /(deficit) after tax		**(7,615)**	**70,787**	18,913	**17,501**	61,258
Dividend to non-controlling interest		**-**	**-**	-	**(462)**	(162)
Asset revaluation movements		**195,041**	**-**	67,107	**195,041**	13,045
Total closing equity at 30 June		**1,107,412**	**950,854**	919,986	**1,387,241**	1,175,159
Components of equity						
Asset revaluation reserves						
Opening asset revaluation reserves		**543,869**	**498,698**	475,791	**527,058**	513,096
Asset revaluation movements		**195,041**	**54,655**	67,107	**195,041**	13,045
Transfers from/(to) accumulated funds		**30**	**-**	971	**30**	917
Closing asset revaluation reserve		**738,940**	**553,353**	543,869	**722,129**	527,058
Other reserves						
Opening other reserves		**37,347**	**32,116**	39,416	**37,302**	39,371
Transfers to accumulated funds		**(6,348)**	**(7,557)**	(9,656)	**(6,348)**	(9,656)
Transfers from accumulated funds		**4,167**	**-**	6,302	**4,167**	6,302
Interest earned		**1,229**	**-**	1,285	**1,229**	1,285
Closing other reserves		**36,395**	**24,559**	37,347	**36,350**	37,302
Retained earnings						
Opening accumulated funds		**338,770**	**349,253**	318,759	**610,804**	548,556
Operating surplus / (deficit) after tax		**(7,615)**	**70,787**	18,913	**17,501**	61,258
Interest allocated to reserves		**(1,229)**	**-**	(1,285)	**(1,229)**	(1,285)
Other transfers to reserves		**(4,167)**	**(47,098)**	(6,302)	**(4,167)**	(6,302)
Transfers from reserves		**6,348**	**-**	9,656	**6,348**	9,656
Dividend to non-controlling interest		**-**	**-**	-	**(462)**	(162)
Other transfers from/(to) reserves		**(30)**	**-**	(971)	**(30)**	(917)
Other adjustment		**-**	**-**	-	**-**	-
Closing accumulated funds		**332,077**	**372,942**	338,770	**628,765**	610,804
Total closing equity at 30 June		**1,107,412**	**950,854**	919,986	**1,387,241**	1,175,159

Greater Wellington Regional Council
Statement of Cash Flow
For the year ended 30 June 2018

		Council			Group	
	Note	**Actual 2018 $'000**	**Budget 2018 $'000**	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Receipts from customers		**-**	**-**	-	**70,669**	63,927
Rates revenue received		**121,372**	**123,961**	116,691	**121,372**	116,691
Water supply levy received		**30,863**	**30,863**	29,098	**30,863**	29,097
Government subsidies received		**83,829**	**96,553**	77,621	**83,829**	77,620
Interest received		**4,313**	**3,043**	4,556	**4,355**	4,145
Dividends received		**105**	**-**	3,682	**605**	1,304
Rent income		**-**	**-**	-	**6,599**	-
Fees, charges and other revenue		**71,749**	**63,899**	65,540	**69,060**	64,906
Payments to suppliers and employees		**(127,290)**	**(273,587)**	(103,084)	**(202,296)**	(183,552)
Payment of grants and subsidies		**(148,056)**	**-**	(144,317)	**(135,872)**	(133,678)
Interest paid		**(18,783)**	**(19,686)**	(16,262)	**(31,282)**	(26,898)
Income tax paid / (refund)		**-**	**-**	-	**1,535**	-
Business loss of rents	8	**-**	**-**	-	**8,477**	8,985
Temporary works	8	**-**	**-**	-	**(36,678)**	(19,305)
Business Interruption Temporary works	8	**-**	**-**	-	**33,628**	19,305
Net cash from (used in) operating activities	25	**18,102**	**25,046**	33,525	**24,864**	22,547
Cash flows from investing activities						
Receipts from sale of property, plant, and equipment		**515**	**1,216**	1,107	**744**	7,803
Earthquake insurance payments received		**-**	**-**	-	**16,895**	75,066
Cash balance from acquired joint venture		**-**	**-**	-	**16,758**	-
		515	**1,216**	1,107	**34,397**	82,869
Purchase of property, plant and equipment		**(58,446)**	**(64,542)**	(27,855)	**(73,176)**	(46,626)
Purchase of intangible assets		**(16)**	**-**	-	**(174)**	-
Development of investment properties		**-**	**-**	-	**(2,707)**	(2,076)
Acquisition of investments		**(7,349)**	**(17,990)**	(21,831)	**101**	(4,051)
EQ capital expenditure		**-**	**-**	-	**(6,141)**	(2,357)
Investment in joint venture		**-**	**-**	-	**(7,750)**	-
Other transfer		**-**	**-**	-	**(90)**	-
Net cash flow from investing activities		**(65,296)**	**(81,316)**	(48,579)	**(55,540)**	27,759
Cash flows from financing activities						
Loan funding		**52,156**	**77,183**	13,119	**-**	13,149
Loan funding		**-**	**-**	-	**52,156**	(66,000)
Debt repayment		**-**	**(16,895)**	-	**(18,000)**	-
Dividends paid to non-controlling interests		**-**	**-**	-	**(462)**	(162)
Net cash from financing activities		**52,156**	**60,288**	13,119	**33,694**	(53,013)

Greater Wellington Regional Council
Statement of Cash Flow
For the year ended 30 June 2018
(continued)

	Note	Council			Group	
		Actual 2018 $'000	**Budget 2018 $'000**	Actual 2017 $'000	**Actual 2018 $'000**	Restated* Actual 2017 $'000
Net increase / (decrease) in cash and cash equivalents		**4,962**	**4,018**	(1,935)	**3,018**	(2,707)
Cash and cash equivalents at the beginning of year		**346**	**17,300**	2,281	**567**	3,274
Cash, cash equivalents, and bank overdrafts at the end of the year	11	**5,308**	**21,318**	346	**3,585**	567

Greater Wellington Regional Council
Funding Impact Statement
For the year ended 30 June 2018

	Actual 2018 $'000	**Budget 2018 $'000**	**Council** Actual 2017 $'000	Budget 2017 $'000
Sources of operating funding				
General rate	41,351	42,479	40,784	39,504
Targeted rates	80,779	81,482	77,172	77,960
Subsidies and grants for operating purposes	69,058	89,351	61,783	83,386
Interest and dividends from investments	4,506	3,043	4,603	6,037
Fees and charges	52,929	53,783	50,021	50,850
Fines, infringement fees, and other receipts 1	51,021	40,979	50,026	38,291
Total operating funding	299,644	311,117	284,389	296,028
Applications of operating funding				
Payments to staff and suppliers	(275,694)	(273,587)	(261,116)	(262,659)
Finance costs	(19,608)	(19,686)	(16,477)	(16,534)
Total applications of operating funding	(295,302)	(293,273)	(277,593)	(279,193)
Surplus / (deficit) of operating funding	4,342	17,844	6,796	16,835
Sources of capital funding				
Subsidies and grants for capital expenditure 2	16,407	7,202	13,420	2,018
Increase / (decrease) in debt	45,924	52,731	27,074	45,471
Gross proceeds from asset sales	515	416	744	567
Total sources of capital funding	62,846	60,349	41,238	48,056
Applications of capital funding				
- to meet additional demand	(262)	(5,976)	(3,759)	(50)
- to improve the level of service	(49,231)	(41,635)	(18,304)	(26,415)
- to replace existing assets	(8,969)	(16,931)	(5,791)	(14,603)
Increase / (decrease) in investments	(9,678)	(21,208)	(22,244)	(33,840)
Increase / (decrease) in reserves	952	7,557	2,064	10,017
Total applications of capital funding	(67,188)	(78,193)	(48,034)	(64,891)
Surplus / (deficit) of capital funding	(4,342)	(17,844)	(6,796)	(16,835)
Funding balance	0	0	0	0
Depreciation on council assets	**18,644**	**17,930**	18,225	17,514
Water supply levy	**30,863**	**30,863**	29,098	29,098

1 This includes the Water supply levy charged to Wellington, Upper Hutt, Lower Hutt and Porirua City councils

2 Grants for improvement and investments have been reclassified into subsidies and grants for capital expenditure in 2018 actuals while it was excluded in 2018 budget.

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

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

All figures on this page exclude GST

Greater Wellington Regional Council
Financial Reserves
30 June 2018

Financial reserves

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

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

Council created reserves	Purpose of the fund	Opening balance Jul-17 $'000	Deposits $'000	Withdrawals $'000	Closing balance Jun-18 $'000
Area of benefit reserves					
Regional Parks reserve	Any funding surplus or deficit relating to the provision of regional parks is used only on subsequent regional parks expenditure	**579**	**17**	**(189)**	**407**
Public transport reserve	Any funding surplus or deficit relating to the provision of public transport services is used only on subsequent public transport expenditure	**16,226**	**584**	**(2,347)**	**14,463**
Transport planning reserve	Any funding surplus or deficit relating to the provision of public transport planning services is used only on subsequent public transport planning expenditure	**1,080**	**52**	**(171)**	**960**
WRS reserve	Any funding surplus or deficit relating to the Wellington Regional Strategy implementation is used only on subsequent Wellington Regional Strategy expenditure.	**985**	**339**	**(42)**	**1,282**
Iwi reserve	Any funding surplus or deficit relating to the provision of iwi project fund is used only on subsequent iwi project funding expenditure	**231**	**122**	**-**	**353**
WREMO reserve	Contributions by other local authorities to run the WREMO	**161**	**5**	**(85)**	**82**
Catchment scheme reserves	Any funding surplus or deficit relating to the provision of flood protection and catchment management schemes is used only on subsequent flood protection and catchment management expenditure	**7,557**	**1,089**	**(759)**	**7,887**
Land management reserves	Any funding surplus or deficit relating to the provision of targeted land management schemes is used only on subsequent land management expenditure	**2,578**	**155**	**(224)**	**2,510**
Contingency reserves					
Environmental legal reserve	To manage the variation in legal costs associated with resource consents and enforcement	**223**	**8**	**-**	**231**
Flood contingency reserves	To help manage the costs for the repair of storm damage throughout the region.	**2,247**	**285**	**-**	**2,532**
Rural fire reserve	To help manage the costs of rural fire equipment.	**71**	**3**	**-**	**74**

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Special reserves					
Election reserve	To manage the variation in costs associated with the election cycle	**248**	**9**	**-**	**257**
Corporate systems reserve	To manage the variation in costs associated with key IT infrastructure and software.	**2,229**	**80**	**-**	**2,309**
Long term plan reserve	to manage variation in costs associated with Long term plan process	**401**	**9**	**-**	**410**
		-	**-**	**-**	**-**
Re-budget reserve					
Rebudgeted reserve	Expenditure that has been rated for in 2016/17 when the project will not be completed until 2017/18	**2,531**	**2,077**	**(2,531)**	**2,077**
Earthquake proceeds reserve	to manage future repair and maintenance due to Kaikoura earthquake	**-**	**562**	**-**	**562**
		37,347	**5,396**	**(6,348)**	**36,395**

All figures on this page exclude GST

Greater Wellington Regional Council
Debt
As at 30 June 2018

	Opening balance 2017 $'000	Additions $'000	Repayments $'000	Closing balance 2018 $'000	Finance costs $'000
Regional leadership					
Strategic planning	78	178	(79)	177	8
Wairarapa water use project	3,299	-	-	3,299	185
Warm Wellington	11,649	2,144	(2,597)	11,196	679
Public transport					
Public transport	253,393	9,734	(35,417)	227,710	12,757
Water supply					
Water supply	73,099	17,361	(3,459)	87,001	4,651
Environment					
Environment	2,646	2,263	(470)	4,439	162
Flood protection and control works					
Flood protection and control works	68,187	29,218	(4,742)	92,663	4,332
Parks					
Parks	6,832	1,524	(672)	7,684	422
Investments					
Stadium	878	-	(878)	-	44
Property and other	5,640	29,607	(1,743)	33,504	363
	425,701	92,029	(50,057)	467,673	23,603

	Council Actual 2018 $'000
Total activities debt	467,673
Treasury internal funding (1)	(88,051)
	379,622
External debt (current)	99,622
External debt (non-current)	280,000
	379,622

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

All figures on this page exclude GST

1 Reporting entity

1.1 Reporting entity

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

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

Statement of compliance

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

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

The financial statements of GWRC are for the year ended 30 June 2018. The financial statements were authorised for issue by Council on 31 October 2018.

Accounting judgements and estimations

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

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised, when the revision affects only that period. If the revision affects current and future periods, it is reflected in those periods.

(i) Property, Plants and Equipment and Investment Property

Operational Port Land was re-valued as at 30 June 2017. Investment property was revalued to fair value as at 30 June 2018.
The board and management have undertaken a process to determine what constitutes Investment Property and what constitutes Property, Plant and Equipment. There is an element of judgement in this. There is a development Port plan, and those items of land that are considered integral to the operations of the port have been included in Operational Port Land. Land held specifically for capital appreciation or to derive rental income has been classed as Investment Property. The extent of future infrastructure costs that will be incurred to create investment property sites at Harbour Quays are estimated and they have been taken into account when determining the fair value of investment property.

(ii) Capital Works in Progress

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

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

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

In addition, management has made the estimations and judgements on the useful life of assets as stated per note 2 – Depreciation and Financial Instruments categories in note 26 (e).

2 Accounting policies (continued)

2 Accounting policies

2.1 Basis of preparation

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

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements with those used at 30 June 2018.

2.2 Significant event – Kaikoura earthquake 14 November 2016

A 7.8 magnitude earthquake struck in the early hours of 14 November 2016 in Kaikoura which has had a significant impact on the CentrePort Limited Group. The earthquake extensively damaged the Port infrastructure, land and investment properties. The effect of these quakes are reflected in these financial statements based on the information available to the date these financial statements are signed. Detailed engineering assessments have not been completed at the date of these financial statements and the final insurance proceeds are unknown.

(i) Impairment of Assets

The Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication of that those assets have suffered an impairment loss. Subsequent to the earthquake which was an indication of impairment, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(ii) Revenue Recognition – Insurance Revenue

An estimate of the amount recoverable for Business Interruption and Loss of Rents has been made for the period in which the revenue and expenses are recorded and is included as Insurance income receivable. The insurers have made progress payments towards the material damage insurance claim and this is recorded as income on the basis it is known. The total amount recoverable for Material Damage under the insurance claim is not yet known and is not recorded.

2.3 Basis of consolidation

The consolidated financial statements include GWRC and its subsidiaries. Subsidiaries are those entities controlled directly or indirectly by the Parent. The financial statements of subsidiaries are included in the consolidated financial statements using the purchase method. A list of subsidiaries appears in note 20.

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

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

All significant intercompany transactions are eliminated on consolidation.

Interests in Joint Ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognised in the consolidated Balance Sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture.

2 Accounting policies (continued)

An investment is accounted for using the equity method from the date on which the investee becomes a joint venture.

2 Accounting policies (continued)

The requirements of PBE IPSAS 26 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with PBE IPSAS 26 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with PBE IPSAS 26 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with a joint venture of the Group, profit and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interest in the joint venture that are not related to the Group.

2.4 Revenue

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

(i) **Rates and levies**
Rates and levies are a statutory annual charge and are recognised in the year the assessments are issued.

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

(iii) **User charges**
Revenue from user charges is recognised when billed or earned on an accrual basis

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

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

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

2.5 Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

2.6 Property, plant and equipment

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

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

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

- Port buildings, wharves and paving
- Operational port freehold land
- Operational land and buildings

2 Accounting policies (continued)

- Operational plant and equipment

2 Accounting policies (continued)

- Operational vehicles
- Flood protection infrastructural assets
- Transport infrastructural assets
- Rail rolling stock
- Navigational aids infrastructural assets
- Parks and forests infrastructural assets
- Capital work in progress
- Regional water supply infrastructural assets

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

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

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

Revaluation
Infrastructural assets are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every five years, except operational port freehold land which is valued every three years.

Revaluation movements are accounted for on a class-of-asset basis. The fair value of revalued assets is recognised in the financial statements of the Group and reviewed at the end of each reporting period to ensure that the carrying value is not materially different from its fair value. Any revaluation increase in the class-of-asset is recognised in other comprehensive revenue and expenses and accumulated as a separate component of equity in the asset revaluation reserve, except to the extent it reverses a previous revaluation decrease for the same asset previously recognised in the statement of revenue and expenses, in which case the increase is credited to the statement of revenue and expenses to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is charged to the statement of revenue and expenses to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation.

The following assets are revalued every five years:

Flood protection
The flood protection infrastructure assets were valued at 30 June 2017 using Optimised Depreciated Replacement Cost (ODRC) methodology in accordance with the guidelines published by the National Asset Management Steering (NAMS) Group.

The valuations were carried out by a team of qualified and experienced flood protection engineers from within the Flood Protection department. The asset valuation was reviewed by John Vessey, Principal Engineering Economist and Opus International Consultants. He concluded that the 2017 valuation of Greater Wellington's flood protection assets is deemed acceptable and appropriate for financial reporting purposes.

Western flood protection land was valued as at 30 June 2017 by Martin Veale ANZIV, SPINZ & Brian Whitaker ANZIV, SPINZ, using a derived value rate per hectare, based on sales data of rural and reserve land from recognised valuation sources which reflects fair value. Baker & Associates valued Wairarapa flood protection land as at 30 June 2017. Land valuation was completed by Stuart McCoshim MRICS, MPINZ, using comparison to market sales of comparable type land in similar locations to each parcel, which reflects fair value.

Parks and forests
The parks and forests land and buildings were valued at 30 June 2018. Land and improvements have been valued using the market value methodology by Fergus Rutherford, registered valuer of Baker and Associates Limited. Roads, fences, bridges, tracks and other park infrastructure were valued at 30 June 2018 and have been valued using ODRC methodology by Bronek Kazmierow, Parks Principal Ranger - Assets and Maintenance. Peter Ollivier, Senior Project Director of Calibre Consulting Limited reviewed the unit rate methodology.

Public transport

2 Accounting policies (continued)

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

Regional water supply
Regional water supply infrastructure assets were valued by John Freeman as at 30 June 2018 using ODRC methodology. Water supply buildings were revalued by Paul Butcher, BBS, FPINZ, Registered Valuer, a Director of Bayleys Valuations Limited as at 1 July 2018 using ODRC methodology.

Water urban-based land assets were valued by Telfer Young (Martin J Veale, Registered Valuer, ANZIV, SPINZ) as at 30 June 2018 using current market value methodology in compliance with PINZ professional Practice (Edition 5) Valuation for Financial Reporting and NZ IFRS re Property Valuations.

Water catchment and rural-based assets were valued by Baker & Associates (Fergus T Rutherford, Registered valuer, BBS (VPM), ANZIV) as at 30 June 2018 using current market value methodology in compliance with PINZ Professional Practice (Edition 5) Valuation for Financial Reporting and NZ IAS 16 Property Valuation.

Greater Wellington Regional Council Group (including CentrePort Limited)
Operational port freehold land is stated at valuation determined every three years by an independent registered valuer. This class of asset was revalued at 30 June 2017. The basis of valuation is fair value which is determined by reference to the assets highest and best use as determined by an independent valuer.

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

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

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

The assets were recognised in the Group accounts via the statement of revenue and expense. Greater Wellington Rail public transport rail station infrastructural assets and its rolling stock were valued by Bayleys using ODRC methodology at 30 June 2014.

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

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

Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

2 Accounting policies (continued)

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition. Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation

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

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

Port, wharves and paving	10 to 50 years
Operational port freehold land	Indefinite
Operational land	Indefinite
Operational buildings	10 to 75 years
Operational plant and equipment	2 to 20 years
Operational vehicles	3 to 10 years
Flood protection infrastructural assets	15 years to indefinite
Transport infrastructural assets	5 to 50 years
Rail rolling stock	5 to 35 years
Navigational aids infrastructural assets	5 to 50 years
Parks and forests infrastructural assets	10 to 80 years
Regional water supply infrastructural assets	3 to 156 years

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

Impairment of property, plant, and equipment

Property, plant, and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit. For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

2 Accounting policies (continued)

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

2 Accounting policies (continued)

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

2.7 Intangible assets

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

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

Software	2 to 5 years

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

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

Subsequently to initial recognition NZUs are revalued annually though the revaluation reserve.

2.8 Investment properties

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

1. Developed investment properties
2. Land available for development
3. Lessors interest

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

2.9 Other financial assets

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

The Group's financial assets are categorised as follows:

- Financial assets at fair value accounted through operating surplus or deficit

2 Accounting policies (continued)

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

- Financial assets at fair value accounted through other comprehensive revenue and expenses

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

- Financial assets available-for-sale

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

- Loans and receivables

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

- Held to maturity investments

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

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

Impairment of financial assets

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

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

(ii) ***Financial assets at fair value through other comprehensive revenue and expense***

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

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

2 Accounting policies (continued)

Equity investment impairment losses recognised in the surplus or deficit are not reversed through the statement of revenue and expenses.

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

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

Other financial assets

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

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

2 Accounting policies (continued)

Financial liabilities

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

2.10 Derivative financial instruments and hedge accounting

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

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

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

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

2.11 Non-current assets held for sale

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

2.12 New Zealand Local Government Funding Agency

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

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

- GWRC is not aware of any local authority debt default events in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

2.13 Inventory

Inventories are valued at the lower of cost or net realisable value on a first-in first-out basis.

2.14 Income tax

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

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

2 Accounting policies (continued)

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

2.15 Foreign currency

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

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

2.16 Employee entitlements

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

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

2.17 Provisions

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

2.18 Goods and services tax

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

2.19 Leases

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

Consolidated entity as lessee:

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Consolidated entity as lessor:

Operating leases relate to subleases of properties (excluding land) leased with lease terms between 1 and 12 years, with an option to extend for a further period between 1 to 6 years. All operating lease contracts (excluding land) contain market review clauses. An operating lease relating to land has a term of 125 years. The lessee does not have an option to purchase the property or land at expiry of the lease period.

2 Accounting policies (continued)

Lease incentive
In the event that lease incentives are provided to lessees to enter into operating leases, such incentives are recognised as a reduction of rental income on a straight line basis.

2.20 Overhead allocation and internal transactions

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

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

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

2.21 Equity

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

2.22 Statement of cash flow

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

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

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

2.23 Budget figures

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

2.24 Standards, amendments, and interpretations issued but not yet effective

PBBE IPSAS 36 Disclosures of interest in other entities - effective date 1 January 2019

Requires increased disclosures regarding judgments and assumptions made in determining whether an entity controls, jointly controls or significantly influences another entity.

PBE IFRS 9 Financial Instruments - effective date 1 January 2021

This standard has been released in advance of IPSASB issuing a new financial instruments standard based on IFRS 9. This standard gives mixed groups the opportunity to early adopt a PBE standard that is based on the for profit standard NZ IFRS 9 on the same date that NZ IFRS 9 becomes mandatory in the for-profit sector.

Impairment of revalued assets (amendments to PBE IPSAS 21 and 36) – effective date 1 January 2019

The amendment brings revalued property, plant and equipment and intangible assets within the scope of PBE IPSAS 21 and PBE IPSAS 26.

PBE IPSAS 35 Consolidated financial statements - effective date 1 January 2019

The standard introduces a new definition of control requiring both power and exposure to variable benefits and includes guidance on assessing control.

2 Accounting policies (continued)

PBBE IPSAS 37 Joint arrangements - effective date 1 January 2019

2 Accounting policies (continued)

Establishes two types of joint arrangements (1) joint operations and (2) joint ventures based on whether the investor has rights to the assets and obligations for the liabilities of the joint arrangement or rights to the net assets of the joint arrangement.

GWRC has not yet completed the assessment of the standard and the impact is not known.

3 Revenue from exchange and non-exchange transactions

	Council			Group	
	Actual 2018 $'000	**Budget 2018 $'000**	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Revenue from exchange transactions:					
Water supply	**30,863**	**30,863**	29,098	**30,863**	29,098
Subsidiaries revenue	**-**	**-**	-	**68,584**	57,115
Dividends	**105**	**100**	104	**105**	104
Interest received	**4,401**	**2,943**	4,499	**4,401**	4,567
Rental income	**2,862**	**2,650**	2,781	**13,972**	14,745
Total exchange	**38,231**	**36,556**	36,482	**117,925**	105,629
Revenue from non-exchange transactions:					
General rates	**41,351**	**42,479**	40,784	**41,351**	40,784
Targeted rates	**80,780**	**81,483**	77,173	**80,780**	77,173
Rates, remissions & rebates	**656**	**-**	664	**656**	664
Grants & subsidises	**69,059**	**72,647**	64,036	**69,059**	64,036
Transport improvement grants	**16,406**	**23,905**	13,419	**16,406**	13,419
Provision of goods & services	**69,109**	**61,211**	64,914	**66,420**	62,282
Total non-exchange	**277,361**	**281,726**	260,990	**274,672**	258,358
Total exchange and non-exchange	**315,592**	**318,282**	297,472	**392,597**	363,987

4 Employee benefits

	Council			Group	
	Actual 2018 $'000	**Budget 2018 $'000**	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Other employee benefits expense	**43,359**	**43,751**	39,921	**68,584**	62,998
Defined contribution plan employer contributions	**2,759**	**2,493**	2,572	**2,759**	2,572
Total personnel costs	**46,118**	**46,244**	42,493	**71,343**	65,570

5 Depreciation and amortisation

	Council		Group	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Port wharves and paving	**-**	-	**994**	1,596
Land and buildings	**329**	201	**760**	791
Plant and equipment	**1,631**	1,374	**5,238**	4,080
Rail rolling stock	**-**	-	**14,522**	14,645
Rail infrastructure	**-**	-	**-**	3,868
Motor vehicles	**838**	856	**838**	856
Flood protection	**738**	622	**738**	622
Water infrastructure	**10,758**	11,124	**10,758**	11,124
Transport infrastructure	**1,088**	956	**5,138**	956
Navigational aids	**73**	74	**73**	74
Parks and forests	**2,251**	2,124	**2,251**	2,124
Amortisation - Computer software	**938**	890	**1,152**	1,086
	18,644	18,221	**42,462**	41,822

6 Other operating expenditure

	Council			Group	
	Actual 2018 $'000	**Budget 2018 $'000**	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Other operating expenses					
Fees to principal auditor for financial statements audit	**219**	**505**	245	**565**	471
Fees to principal auditor for Long Term Plan and other services	**148**	**-**	-	**148**	-
Impairment of trade receivables	**119**	**-**	153	**119**	153
Rates and insurance	**1,669**	**1,335**	1,452	**9,199**	5,472
Directors' fees	**-**	**-**	-	**531**	497
Subscriptions LGNZ	**484**	**709**	374	**484**	374
Operating lease rentals	**2,318**	**2,622**	2,202	**3,199**	4,245
Energy and utilities	**3,028**	**3,104**	2,676	**3,028**	4,765
Councillor fees and costs	**1,637**	**1,264**	1,297	**1,637**	1,297
Repairs and maintenance expenses	**5,182**	**3,151**	6,315	**23,670**	22,983
Materials and supplies	**13,200**	**13,824**	14,078	**13,200**	14,078
Contractors and consultants	**46,492**	**38,036**	36,713	**46,492**	36,949
Other operating expenses	**4,425**	**6,124**	7,401	**30,411**	27,298
Total other expenditure	**78,921**	**70,673**	72,906	**132,683**	118,582

7 Fair value movements

	Council			Group	
	Actual 2018 $'000	**Budget 2018 $'000**	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Fair value movements in other assets					
Stadium advance	**(2,882)**	**265**	245	**(2,882)**	245
Fair value movements in financial instruments					
Loans	**-**	**-**	(1,965)	**-**	(1,965)
Interest rate swaps	**(5,802)**	**8,985**	19,849	**2,976**	30,179
Carbon credits	**-**	**-**	(211)	**-**	(211)
	(5,802)	**8,985**	17,673	**2,976**	28,003
Fair value movements of investment properties					
Investment properties	**-**	**-**	-	**(1,014)**	-
	(8,684)	**9,250**	17,918	**(920)**	28,248

8 Earthquake Related Costs

Kaikoura Earthquake

A 7.8 magnitude earthquake struck in the early hours of 14 November 2016 in Kaikoura which has had a significant impact on CentrePort. The earthquake significantly damaged Port infrastructure and Port properties including the land on which the Port operates. The major Port operations impacted were the Container services and the Investment property portfolio held by the Port. Other Port services including logs, ferries, fuel, cruise and break bulk activities had substantially recovered immediately following the earthquake.

The impact of the earthquake has been reflected in these financial statements with the information available to the date these financial statements are signed. The insurance claim process has commenced and engineering damage assessments are being completed. Extensive repairs are still to be commenced and this brings considerable uncertainty in relation to the final quantification of insurance claims. The Group is working closely with independent advisors and the insurers assessors to progress the claim.

The Group has separate insurance policies for CentrePort and CentrePort Properties Limited. The Group received $100m of progress payments in 2018 for claims on these policies of which $60m related to CentrePort and $40m related to CentrePort Properties Limited.

CentrePort has a total insured value (in relation to port infrastructure) of $600m for both Material Damage and Business Interruption combined. The Business Interruption covers a 36 month indemnity period. Insurance progress payments of $60m were received by CentrePort in the year ended 30 June 2018 (2017: $100m) bringing total progress payments received to 30 June 2018 to $160m. These payments are applied to business interruption (loss of rents and temporary works) in the first instance and secondly to material damage.

CentrePort Properties Limited, including its associate entities (SPVs') has a total insured value of their property portfolio of $276.8m including loss of rents (of up to $49.8m). The indemnity period is 36 months.

CentrePort Properties Limited is managing the insurance claim for each of the SPVs and is responsible for distribution of non-specific progress payments received to date. CentrePort Properties Limited allocates progress payments to each SPV based on the current assessment of the claim as advised by the insurers assessor.

CentrePort Properties Limited received a progress payment of $40m in the year ended 30 June 2018 (2017: $10m) bringing total progress payments received to date to $50m. An allocation totalling $41.0m (2017: $7.2m) has been made to the SPVs.

8 Earthquake Related Costs (continued)

Initial draft damage assessment reports for the investment properties have been prepared by independent advisors. Insurance and property related impacts for CentrePort Properties Limited are included in the Group line items as expanded on below. As the SPVs are equity accounted, the impact of the earthquake in relation to the SPVs is accounted for separately as described in note 15.

	Material Damage $'000	Business Interruption $'000	Actual 2018 $'000	Actual 2017 $'000
Loss of gross profits and rents	-	8,477	8,477	8,985
Temporary works expenditure incurred to date	-	33,628	33,628	19,305
Material damage - preliminary estimates	13,478	-	13,478	137,751
Total insurance income	13,478	42,105	55,583	166,041
Total insurance income	151,229	70,395	221,624	166,041
Less progress payments received	(91,961)	(70,395)	(162,356)	(103,356)
Receivable as at 30 June 2018	59,268	-	59,268	62,685

Note 34 has further disclosures for the insurance settlement after balance date.

Impairment of Assets

CentrePort determined that the earthquake on 14 November was an indicator of impairment as per PBE IPSAS 26, Impairment of Cash-Generating Assets and PBE IPSAS 21, Impairment of Non-Cash-Generating Assets. CentrePort’s key infrastructural assets such as wharfs and pavements are held at cost less depreciation. These assets were subject to technical and engineering assessments following the earthquake to assess whether they were partly or completely damaged and need to be derecognised. Those assets considered to be destroyed have been completely written off. For assets that were partially damaged CentrePort has estimated the impairment adjustments. However as engineering estimates are not yet complete these estimates may be subject to change in future periods.

	Group	
	Actual 2018 $'000	Actual 2017 $'000
Asset impairment arising out of the earthquake:		
- Estimated asset impairments relating to damaged assets	**1,996**	51,207
- Impairment and fair value write-down on investment properties owned by Centerport Properties Ltd	**600**	12,761
	2,596	63,968

Impairment Sensitivity Analysis

Of the aggregate $66m impairment, $49m relates to assets that are completely destroyed and fully written off and $17m relates to estimates of impairment for partially damaged assets ranging from 10% to 80%. At balance date damage assessments are still ongoing and the impairment reflects the best estimate to date. If the percentage of estimated damage is altered by +/- 10% this would result in an increase or decrease in the impairment provision (and therefore total comprehensive income) by $1.7m.

Port Land

An adjustment of $63m to the fair value of land has been made to recognise the resilience work that needs to be undertaken to support the land. This adjustment is discussed in note 16.

Business Interruption

An estimate of the amount recoverable for Loss of Gross Profit and Rents has been made for the period to 30 June 2018. The amount has been calculated based on the estimated loss of revenue and has not yet been agreed with the insurer and therefore could be subject to change in future periods.

8 Earthquake Related Costs (continued)

A change to the estimated loss of revenue of + / - 10% would result in an increase / decrease in the Business Interruption and Loss of Rents income estimate accrued of $0.9m.

Material Damage Insurance Receivable

CentrePort Group is entitled to insurance claims for damage incurred to its insured assets and infrastructure. The insurers have accepted that the damage is covered under the group insurance policies, however, as damage assessments and repairs have not been completed the final settlement amount has not yet been agreed.

As damage assessments for all assets have not yet been fully completed, assumptions have been made and judgement applied in determining the insurance proceeds to be recognised for material damage

Where the minimum amount recoverable for damage to specific port assets can be reliably estimated, it has been recorded as income. Insurance proceeds have not been recognised where further work is required to quantify repair costs and related insurance income. These amounts will be clarified in due course as the insurance claim progresses. There is, therefore, the potential for adjustments to be made in future years to recognise further insurance proceeds and these proceeds may be material.

There is a contingent asset in relation to the insurance claim for the Port, see note 27

Earthquake deductible expenditure

Under the insurance policies the Group is liable to meet a deductible amount toward the cost of repair or reinstatement of the damaged assets. These total $18.3m of which $13.5m relates to CentrePort infrastructure and $4.8m relates to commercial property assets.

The Wellington Port Coldstore insurance claim was settled during the year ended 30 June 2018. Following conclusion of the claim, CentrePort purchased the remaining 50% of shares to increase its shareholding to 100%. Insurance proceeds on completion of the claim have been accounted for in the year ended 30 June 2018. CentrePort's share of the net impact on concluding the claim of $1.4m has been accounted for in the year ended 30 June 2018 (2017: $3.6m) and is included in the associate earnings for the year.

The estimated impact of the earthquake related items on the SPV entities is a net gain of $29.3m (2017: $27.2m loss).This has been included in the Share of profit/(loss) of investments using the equity method (note 15).

For further information on the material assumptions and sensitivities related to the impact of the earthquake refer to note 15 for the impact on associates and joint ventures.

Tax impact

Refer to note 9 for information on the material assumptions and sensitivities related to the impact of the earthquake on income tax.

9 Taxation

	Council		Group	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
(a) Income tax recognised in profit or loss				
Tax expense / (benefit) comprises:				
Current tax expense / (benefit)	**-**	-	**(938)**	50
Deferred tax expense / (income) relating to the origination and reversal of temporary differences (note 10)	**-**	-	**(355)**	(1,600)
Impact of changes to building depreciation (note 10)	**-**	-	**39**	12,434
Tax expense	**-**	-	**(1,254)**	10,884
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:				
Surplus / (deficit) from operations	**(7,615)**	18,913	**16,247**	72,141
Income tax expense / (benefit) calculated at 28%	**(2,132)**	5,296	**4,549**	20,200
Surplus / (deficit) not subject to taxation				
Non-deductible expenses	**84,238**	77,191	**87,823**	85,464
Non-assessable income	**(84,060)**	(83,231)	**(94,836)**	(95,318)
Land and buildings reclassification	**-**	-	**273**	712
Tax loss offsets from or subventions paid to Group companies	**-**	-	**-**	-
Unused tax losses and temporary differences not recognised as deferred tax assets	**1,887**	1,725	**-**	-
Tax effect of imputation credits	**-**	(1,002)	**-**	(1,002)
Temporary differences	**-**	-	**739**	2,462
Permanent differences	**-**	-	**344**	16
(Under) / over provision of income tax in previous year	**67**	21	**(146)**	(1,650)
Tax expense	**-**	-	**(1,254)**	10,884

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

	Council		Group	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Tax expense / (benefit) is attributable to:				
Continuing operations	**-**	-	**(1,254)**	10,884
	-	-	**(1,254)**	10,884

On 22 September 1998 WRC Holdings Limited, its wholly owned subsidiaries and CentrePort Limited entered into a Tax Loss Sharing Agreement under which the WRC Holdings Group will receive subvention payments from CentrePort Limited equivalent to 33% of its available losses (now 28%), with the balance of losses offset, where the companies elect to do so. During the 2018 year, no subvention payments were made (2017: Nil) and no loss offsets occurred (2017: Nil).

The 2018 financial statements for the parent do not include any subvention payments to be received (2017: Nil) for utilisation of the GWRC's net losses.

10 Deferred tax

	Council Actual 2018 $'000	Council Actual 2017 $'000	Group Actual 2018 $'000	Group Actual 2017 $'000
The balance comprises temporary differences attributable to:				
Tax losses	**-**	-	**18,266**	21,542
Temporary differences	**-**	-	**3,066**	6,074
	-	-	**21,332**	27,616
Other				
Temporary differences	**-**	-	**(109,566)**	(116,166)
Sub-total other	**-**	-	**(109,566)**	(116,166)
Total deferred tax liabilities	**-**	-	**(88,234)**	(88,550)

Movements - Group	Investment properties $'000	Property, plant and equipment $'000	Trade and other payables $'000	Other financial liabilities $'000	Tax losses $'000	Insurance Recoverable $'000	Total $'000
Balance at 1 July 2016	(978)	(91,980)	1,019	5,350	8,823	-	(77,766)
Charged to income	1,432	11,672	2,143	(2,892)	12,719	(35,908)	(10,834)
Charge to equity	-	50	-	-	-	-	50
Balance at 30 June 2017	454	(80,258)	3,162	2,458	21,542	(35,908)	(88,550)

Movements - Group	Investment properties $'000	Property, plant and equipment $'000	Trade and other payables $'000	Other financial liabilities $'000	Tax losses $'000	Insurance Recoverable $'000	Total $'000
Balance at 1 July 2017	454	(80,258)	3,162	2,458	21,542	(35,908)	(88,550)
Charge to income	138	3,001	(768)	(2,378)	(3,276)	3,599	316
Balance at 30 June 2018	592	(77,257)	2,394	80	18,266	(32,309)	(88,234)

	Council Actual 2018 $'000	Council Actual 2017 $'000	Group Actual 2018 $'000	Group Actual 2017 $'000
Tax losses	**7,062**	5,175	**-**	-
Temporary differences	**-**	-	**-**	-
	7,062	5,175	**-**	-

The net deferred balance comprises of deferred tax asset of $21,332 and deferred tax liability of $109,566

Tax losses not recognised

Greater Wellington has $25.221 million of unrecognised tax losses at Parent level (2017: $18.484 million) available to be carried forward and to be offset against taxable income in the future. The tax effect of losses at 28% was $7.062 million (2017: $5.175 million).The ability to carry forward tax losses is contingent upon continuing to meet the requirements of the Income Tax Act 2007.

11 Cash and cash equivalents

	Council		**Group**	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Cash at bank and in hand	**210**	96	**2,524**	317
Money Market	**2,300**	-	**2,300**	-
Water supply contingency investment	**2,548**	-	**2,548**	-
Material damage property insurance fund	**250**	250	**250**	250
Total cash and cash equivalents	**5,308**	346	**7,622**	567

Including the overdraft, the net cash and cash equivalents is a current asset of $3.6m (2017: $0.6m).

Cash-at-bank and on-hand earns interest at the official cash rate. Short-term deposits are made for varying terms of between one day and three months depending on the immediate cash requirements of the Council and the Group. They earn interest at the respective short-term deposit rates and the fair value of cash and cash equivalents is the stated value. As at 30 June 2018 there are $2,300,000 (2017: nil) invested in a money market term deposit at 1.75% (2017: nil).

GWRC has invested $2,548,000 (2017: nil) of its bulk water supply contingency funds in two term deposits with a maturity of three months or less since inception with a weighted average rate of 3.02% (2017: nil). The bank term deposits are recorded at fair value.

As at 30 June 2018 there is a $250,000 (2017: $250,000) material damage business interruption property insurance contingency investment which is invested at an interest rate of 3.00% (2017: 3.35%). Bank deposits are available for day to day cash management and are recorded at fair value.

12 Trade and other receivables

	Council		**Group**	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Rates outstanding*	**12,358**	9,495	**12,358**	9,495
Trade Customers**	**7,955**	11,020	**16,822**	17,796
Accrued revenue	**11,601**	10,401	**11,657**	10,454
Less provision for impairment of receivables	**(1,151)**	(1,032)	**(1,436)**	(1,032)
Other receivable	**-**	-	**382**	100
Prepayments	**1,573**	1,179	**1,816**	1,364
Water levies receivables	**3,592**	2,918	**3,592**	2,918
Other receivable	**1,746**	1,657	**1,746**	1,657
Total debtors and other receivables	**37,674**	35,638	**46,937**	42,752

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

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

12 Trade and other receivables (continued)

Provision for impairment of receivables

	Council		Group	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Opening balance	**(1,032)**	(886)	**(1,055)**	(886)
Movement	**(119)**	(146)	**(381)**	(146)
Closing balance	**(1,151)**	(1,032)	**(1,436)**	(1,032)

The impairment provision has been determined based on a review of outstanding balances as at 30 June 2018.

	Council		Group	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Not past due	**35,778**	33,073	**43,344**	38,639
Past due 31-60 days	**112**	1,813	**1,338**	2,532
Past due 61-90 days	**377**	564	**466**	724
Past due > 90 days	**1,407**	188	**1,789**	857
Total gross trade receivables	**37,674**	35,638	**46,937**	42,752

13 Inventories

	Council		Group	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Depots	**124**	124	**124**	124
Water supply	**2,655**	2,637	**2,655**	2,633
Rail	**-**	-	**-**	-
Wairarapa	**279**	305	**279**	305
Emergency management	**39**	39	**39**	39
CentrePort spare stock	**-**	-	**1,237**	1,305
CentrePort fuel and stock	**-**	-	**114**	119
Total inventory	**3,097**	3,105	**4,448**	4,525

No inventories are pledged as securities for liabilities (2017: Nil)

14 Other financial assets

	Council		Group	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Stadium advance	**423**	3,305	**423**	3,305
Civic assurance	**80**	80	**80**	80
New Zealand Local Government Funding Agency Limited shares	**1,866**	1,866	**1,866**	1,866
New Zealand Local Government Funding Agency Limited borrower notes	**4,880**	4,480	**4,880**	4,480
Warm Wellington funding	**11,196**	11,649	**11,196**	11,649
Bank deposits with maturity terms more than three months	**33,000**	23,000	**33,000**	23,000
Other investments (bonds and notes)	**-**	10,000	**-**	10,000
Water supply contingency investment	**28,646**	28,344	**28,646**	28,344
Material damage property insurance contingency fund	**8,489**	9,694	**8,489**	9,694
Major Flood recovery fund	**6,277**	5,875	**6,277**	5,875
	94,857	98,293	**94,857**	98,293

Current financial assets	**73,056**	46,154	**73,056**	46,154
Non-current financial assets	**21,801**	52,139	**21,801**	52,139
Total financial assets	**94,857**	98,293	**94,857**	98,293

Airtel Limited

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

Advance to Wellington Regional Stadium Trust

GWRC advanced $25 million to the Wellington Regional Stadium Trust in August 1998. The advance is on an interest free basis with limited rights of recourse. The obligations of Greater Wellington to fund the Trust are defined under a Funding Deed dated 30 January 1998. Under the terms of this deed, any interest charged on the limited-recourse loan is accrued and added to the loan. The advance is not repayable until all non-settlor debts of the Trust are extinguished and is subject to the Trust's financial ability to repay debt at that time. The fair value has been determined using a future repayment timetable discounted at a rate of 8%. GWRC expects the advance to be repaid by 2070.

Civic Assurance

GWRC holds 80,127 shares (2017: 80,127 shares) in the New Zealand Local Government Insurance Corporation, trading as Civic Assurance.

New Zealand Local Government Funding Agency Limited

GWRC is a founding shareholder of the New Zealand Local Government Funding Agency Limited (LGFA) and holds 1,866,000 fully paid shares (2017: 1,866,000). It has also invested $4,880,000 (2017: $4,480,000) in LGFA borrower notes, which return on average 2.70% as at 30 June 18 (2017: 2.50%). The LGFA has the right to elect to convert the borrower notes into redeemable shares. This can only occur after it has fully called on its unpaid capital and only in the situation of their being at risk of imminent default.

14 Other financial assets (continued)

Warm Wellington

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

The Warm Wellington Balance is classified as loans and receivable. As it is not feasible to determine the future cash flows, we are carrying the actual balance at fair value rather than amortised cost. We consider the outstanding amount of the loan (principal plus interest) as the fair value.

Bank deposits with maturity terms more than three months

GWRC has invested $33,000,000 (2017: $23,000,000) of its funds in short term deposits with an average rate of 3.49% (2017: 3.66%). They are recorded at fair value.

Other Investments (bonds and notes)

GWRC has no investments (2017: $10,000,000) in bank bonds/notes as part of their liquidity investments. The interest rate in 2017 was 4.89%. The investments were not exchange traded and the fair value was the stated value.

Water supply contingency fund

GWRC is holding $28,646,000 (2017: $28,344,000) water supply contingency funds. These are invested as follows: $10,446,000 (2017: 9,966,000) in term deposits, $7,000,000 (2017: $7,000,000) in a Floating Rate Note and $11,200,000 (2017: $11,200,000) in bank bonds. The weighted average rate is 3.80% (2017: 3.86%). The investments are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. An additional $2,548,000 (2017: nil) of water supply contingency funds are part of 'Cash and Cash Equivalents'.

Material damage property insurance contingency fund

GWRC has invested $8,489,000 (2017: $9,694,000) of its material damage property insurance contingency funds in short term deposits and a bank bond with an average rate of 4.39 % (2017: 4.34%). The investments are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. An additional $250,000 (2017: $250,000) of material damage property insurance funds are part of 'Cash and Cash Equivalents'.

Major flood contingency fund

GWRC has invested $6,277,000 (2017: $5,875,000) of its major flood contingency funds in a short term deposit with a rate of 3.41% (2017: 3.60%). The deposit is recorded at fair value.

15 Aggregated joint venture information

Name of joint venture	Principal activity	2018 Percentage ownership %	2017 Percentage ownership %
Harbour Quays A1 Limited*	Commercial rental property	**76.9%**	76.9%
Harbour Quays D4 Limited*	Commercial rental property	**76.9%**	76.9%
Harbour Quays F1F2 Limited*	Commercial rental property	**76.9%**	76.9%
Direct Connect Container Services Limited*	Transport hubbing and logistics	**38.5%**	38.5%
Wellington Port Coldstore Limited*	Cold storage of produce	**76.9%**	38.5%

The remaining 50% shareholding of Wellington Port Coldstore Limited was acquired during the year and from acquisition date is accounted for as a subsidiary.

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

* All companies are incorporated and operate in New Zealand

** For commercial sensitivity purposes, the financial information of associates is not disclosed.

	Council and Group	
	Actual 2018 $'000	Actual Restated* 2016 $'000
Group		
Carrying amount at beginning of year	**59,397**	79,212
Equity accounted earnings of joint ventures*	**22,999**	(18,614)
Dividends from joint ventures	**(500)**	(1,200)
Consolidation of net assets of Wellington Port Coldstores Limited on acquisition	**(7,312)**	-
Carrying amount at end of year	**74,584**	59,398
Represented by:		
Harbour Quays A1 Limited	**18,157**	16,085
Harbour Quays D4 Limited	**13,599**	13,071
Harbour Quays F1F2 Limited	**42,952**	24,312
Individually immaterial associates	**(124)**	5,930
	74,584	59,398

Earthquake damage

The investment properties owned by the SPV companies and the Wellington Port Coldstore were significantly damaged in the November 2016 earthquake. CentrePort's equity accounted earnings from these entities have been affected by the estimated cost of earthquake related costs and insurance proceeds accounted for in these entities.

CentrePort Properties Limited is managing the insurance process for the SPV group. Work has commenced on the insurance claim process.

A summary of the SPV earthquake treatment follows. These include a number of critical accounting estimates and judgements.

15 Aggregated joint venture information (continued)

Harbour Quays A1 Limited

The Statistics New Zealand building sustained significant damage as a result of the Kaikoura earthquake. Damage assessments concluded that the building is destroyed and is uneconomic to repair or restore the damage. This building was demolished during the year ended 30 June 2018 and turned into a carpark. The property has an insured indemnity value of $36.45m plus demolition costs and has been accounted for on the basis that the insurance claim for the total loss of the building will be accepted. The Company has a Business Interruption loss of rents policy which covers a 36 month indemnity period.

Harbour Quays D4 Limited

The Customhouse property was damaged in the earthquake and damage assessments have concluded that both structural and non structural damage was caused however it was relatively minor compared to the damage sustained by other buildings. The building has an insured value of $38.5m and a Business Interruption loss of rents policy which covers a 36 month indemnity period. The building has been repaired and reoccupied since December 2017, with $3 million of material damage income recorded.

Harbour Quays F1F2 Limited

BNZ House sustained significant damage in the earthquake and damage assessment reports conclude that the building is destroyed and is uneconomic to repair or restore. The building has an insured indemnity value of $84.8m and Business Interruption Loss of Rents which covers a 36 month indemnity period expiring November 2019. The financial statements for HQ F1F2 Limited have been prepared on the basis that the insurance claim for the earthquake damage to the building will be accepted for the full loss to the building (being the indemnity value of $84.8m). This is a change from the prior year where the expected proceeds from the insurance claim were based on the estimated cost to repair the building.

The property impairment and the estimated amounts receivable for insurance are critical accounting judgements. As the property has been fully written off and an estimate of the insurance receivable has been recognised there is the potential for adjustments to be made in future years that may be material.

Wellington Port Coldstore Limited

Wellington Port Coldstores Ltd (WPCL) formerly owned and operated a cold storage business located at CentrePort. The coldstore building sustained significant damage as a result of the Kaikoura earthquake and the building was written-off in 2017. In January 2018 the insurance claim for damage to the building was settled and WPCL received $15.7m of insurance proceeds, which was in addition to the $4m previously received.

Joint Venture Company Mandatory Convertible Note (MCN) Conversion Derivative

MCNs have been issued by the SPVs to the ACC. The MCNs are convertible to equity in March 2024 (or September 2026 at CentrePort Properties Limited's discretion).

On conversion, the SPV will issue to the MCN holder shares to the value of the index adjusted principal amount (IAPA) of the notes or 50% of the value of the securities on issue at that date, whichever is higher.

A conversion derivative liability is recognised on the balance sheets of the SPVs when the IAPA is expected to be less than 50% of the security values at the conversion date. The liability reflects the variance between the present value of (i) the forecast growth in the index adjusted present amount of the MCN value, and (ii) 50% of the estimated values of the securities at the conversion date.

The MCN derivatives are financial instruments with risk attaching to CPPL's investment in the SPVs. The conversion derivatives have a $nil liability on the balance sheets of the SPVs at 30 June 2018 (2017: $nil).

Acquisition of Wellington Port Coldstores Ltd

CentrePort initially acquired a 50% shareholding in WPCL from Hamstead Enterprises Ltd in July 2008 and recognised the investment as an associate.

On 31 January 2018 CentrePort acquired the remaining 50% shareholding in WPCL for cash of $7.8m.

The fair value of CentrePort's existing 50% shareholding at the date of the transaction was assessed at $7.3m. This gives rise to a fair value loss of $0.5m for CentrePort's existing shareholding in WPCL in the Statement of Comprehensive Income in 2018.

16 Property, plant and equipment

Council 2018	Cost / revaluation 1 Jul 2017 $'000	Accumulated depreciation $'000	Carrying amount 1 Jul 2017 $'000	Current year additions $'000	Current year disposals $'000	Net Depreciation $'000	Current year Impairment charges $'000	Revaluation surplus $'000	Cost / revaluation 30 Jun 2018 $'000	Accumulated depreciation $'000	Carrying amount 30 Jun 2018 $'000
Operating assets											
At cost & valuation											
Land and buildings	15,012	(2,077)	12,935	15,640	(1,560)	(324)	-	-	29,092	(2,401)	26,691
Plant and equipment	16,425	(11,728)	4,697	3,493	(4,268)	2,628	-	-	15,660	(9,111)	6,549
Motor vehicles	7,423	(4,724)	2,699	1,133	(957)	67	-	-	7,599	(4,657)	2,942
Total	**38,860**	**(18,529)**	**20,331**	**20,266**	**(6,785)**	**2,371**	**-**	**-**	**52,351**	**(16,169)**	**36,182**
Infrastructural assets											
At cost & revaluation											
Flood protection	383,461	(7,692)	375,769	18,082	(179)	(738)	(1,341)	-	400,021	(8,428)	391,593
Navigational aids	2,172	(320)	1,852	-	-	(73)	-	-	2,172	(393)	1,779
Parks and forests	85,886	(8,067)	77,819	2,047	(154)	(2,225)	-	12,554	90,041	-	90,041
Transport infrastructure	17,440	(2,534)	14,906	908	(61)	(1,081)	-	-	18,287	(3,615)	14,672
Water infrastructure	461,459	(43,674)	417,785	14,117	(450)	(10,525)	-	182,695	603,622	-	603,622
Capital work in progress	25,199	-	25,199	1,711	-	-	-	-	26,910	-	26,910
Total	**975,617**	**(62,287)**	**913,330**	**36,865**	**(844)**	**(14,642)**	**(1,341)**	**195,249**	**1,141,053**	**(12,436)**	**1,128,617**
Total Council	**1,014,477**	**(80,816)**	**933,661**	**57,131**	**(7,629)**	**(12,271)**	**(1,341)**	**195,249**	**1,193,404**	**(28,605)**	**1,164,799**

16 Property, plant and equipment (continued)

Council 2017	**Cost / revaluation 1 Jul 2016 $'000**	**Transfers into 2015 $'000**	**Accumulated depreciation $'000**	**Carrying amount 1 Jul 2016 $'000**	**Current year additions $'000**	**Current year disposals $'000**	**Current year impairment charges $'000**	**Net Depreciation $'000**	**Cost / revaluation 30 Jun 2017 $'000**	**Accumulated depreciation $'000**	**Carrying amount 30 Jun 2017 $'000**
Operating assets											
At cost & valuation											
Land and buildings	11,825	(48)	(1,884)	9,893	3,783	(548)	-	(193)	15,012	(2,077)	12,935
Plant and equipment	16,683	-	(10,906)	5,777	1,204	-	(1,462)	(822)	16,425	(11,728)	4,697
Motor vehicles	7,236	-	(4,524)	2,712	859	(672)	-	(200)	7,423	(4,724)	2,699
Total	**35,744**	**(48)**	**(17,314)**	**18,382**	**5,846**	**(1,220)**	**(1,462)**	**(1,215)**	**38,860**	**(18,529)**	**20,331**
Infrastructural assets											
At cost & valuation											
Flood protection	313,536	48	(9,337)	304,247	5,080	(64)	-	1,645	383,461	(7,692)	375,769
Navigational aids	2,172	-	(246)	1,926	-	-	-	(74)	2,172	(320)	1,852
Parks and forests	84,048	-	(5,942)	78,106	1,837	-	-	(2,124)	85,886	(8,067)	77,819
Transport infrastructure	16,227	-	(1,600)	14,627	1,283	(70)	-	(934)	17,440	(2,534)	14,906
Water infrastructure	456,528	-	(32,662)	423,866	5,596	(667)	-	(11,010)	461,459	(43,674)	417,785
	17,155	-	-	17,155	8,044	-	-	-	25,199	-	25,199
Total	**889,666**	**48**	**(49,787)**	**839,927**	**21,840**	**(801)**	**-**	**(12,497)**	**975,617**	**(62,287)**	**913,330**
Total Council	**925,410**	**-**	**(67,101)**	**858,309**	**27,686**	**(2,021)**	**(1,462)**	**(13,712)**	**1,014,477**	**(80,816)**	**933,661**

16 Property, plant and equipment (continued)

Group 2018	Cost / revaluation 1 Jul 2017 $'000	Transfers into 2016 $'000	Accumulated depreciation $'000	Carrying amount 1 Jul 2017 $'000	Current year additions $'000	Current year disposals $'000	Current year impairment charges $'000	Net Depreciation $'000	Revaluation surplus $'000	Cost / revaluation 30 Jun 2018 $'000	Accumulated depreciation $'000	Carrying amount 30 Jun 2018 $'000
Operating assets												
Land and buildings	92,984	-	(17,093)	75,891	18,729	(2,382)	(451)	(750)	-	108,884	(17,847)	91,037
Plant & Equipment	82,376	-	(40,083)	42,293	19,572	(4,401)	-	(5,390)	-	97,546	(45,473)	52,073
Motor vehicles	7,416	-	(4,724)	2,692	1,140	(957)	-	67	-	7,599	(4,657)	2,942
Total	**182,776**	**-**	**(61,900)**	**120,876**	**39,441**	**(7,740)**	**(451)**	**(6,073)**	**-**	**214,029**	**(67,977)**	**146,052**
Infrastructural assets												
At cost & valuation												
Flood protection	383,461	-	(7,692)	375,769	18,081	(179)	(1,341)	(738)	-	400,021	(8,429)	391,592
Parks and forests	85,886	-	(8,067)	77,819	2,047	(154)	-	(2,225)	12,554	90,041	-	90,041
Capital works in progress	39,849	-	-	39,849	30,726	(32,238)	-	-	-	38,337	-	38,337
Port wharves and paving	67,670	-	(49,727)	17,943	549	-	-	(501)	-	68,219	(50,228)	17,991
Navigational aids	2,172	-	(320)	1,852	-	-	-	(73)	-	2,172	(393)	1,779
Transport infrastructure	476,150	-	(52,707)	423,443	9,281	(4,777)	-	(14,935)	-	480,635	(67,624)	413,011
Water infrastructure	461,461	-	(43,674)	417,787	14,115	(450)	-	(10,525)	182,695	603,622	-	603,622
Total	**1,516,649**	**-**	**(162,187)**	**1,354,462**	**74,799**	**(37,798)**	**(1,341)**	**(28,997)**	**195,249**	**1,683,047**	**(126,674)**	**1,556,373**
Total Group	**1,699,425**	**-**	**(224,087)**	**1,475,338**	**114,240**	**(45,538)**	**(1,792)**	**(35,070)**	**195,249**	**1,897,076**	**(194,651)**	**1,702,425**

16 Property, plant and equipment (continued)

Group 2017	Cost / revaluation 1 Jul 2016 $'000	Transfers into 2015 $'000	Accumulated depreciation $'000	Carrying amount 1 Jul 2016 $'000	Current year additions $'000	Current year disposals $'000	Current year impairment charges $'000	Net Depreciation $'000	Revaluation surplus $'000	Cost / revaluation 30 Jun 2017 $'000	Accumulated depreciation $'000	Carrying amount 30 Jun 2017 $'000
Operating assets												
Land and buildings	125,106	(48)	(16,317)	108,741	30,764	(548)	(71,293)	(786)	9,012	92,984	(17,093)	75,891
Plant and Equipment	83,623	-	(40,932)	42,691	9,474	(1,548)	(9,173)	849	-	82,376	(40,083)	42,293
Motor vehicles	7,229	-	(4,524)	2,705	859	(672)	-	(200)	-	7,416	(4,724)	2,692
Total Group's property, plant and equipment	**215,958**	**(48)**	**(61,773)**	**154,137**	**41,097**	**(2,768)**	**(80,466)**	**(137)**	**9,012**	**182,776**	**(61,900)**	**120,876**
Infrastructural assets												
Flood protection	313,536	48	(9,337)	304,247	5,079	(64)	-	1,646	64,861	383,461	(7,692)	375,769
Parks and forests	84,048	-	(5,943)	78,105	1,838	-	-	(2,124)	-	85,886	(8,067)	77,819
Capital work in progress	64,969	-	-	64,969	35,920	(55,180)	(5,860)	-	-	39,849	-	39,849
Port wharves and paving	97,300	-	(49,365)	47,935	5,679	-	(35,309)	(362)	-	67,670	(49,727)	17,943
Navigational aids	2,172	-	(246)	1,926	-	-	-	(74)	-	2,172	(320)	1,852
Transport infrastructure	425,231	-	(33,373)	391,858	51,319	(400)	-	(19,334)	-	476,150	(52,707)	423,443
Water infrastructure	456,529	-	(32,661)	423,868	5,596	(667)	-	(11,010)	-	461,461	(43,674)	417,787
Total infrastructural assets	**1,443,785**	**48**	**(130,925)**	**1,312,908**	**105,431**	**(56,311)**	**(41,169)**	**(31,258)**	**64,861**	**1,516,649**	**(162,187)**	**1,354,462**
Total Group's property, plant and equipment	**1,659,743**	**-**	**(192,698)**	**1,467,045**	**146,528**	**(59,079)**	**(121,635)**	**(31,395)**	**73,873**	**1,699,425**	**(224,087)**	**1,475,338**

16 Property, plant and equipment (continued)

Infrastructural assets - further disclosures

Council 2018	**Closing book value $'000**	**Additions: Constructed by Council $'000**	**Additions: Assets transferred to Council $'000**	**Estimated replacement cost $'000**
Infrastructural assets				
Water treatment plants & facilities	260,177	784	-	451,851
Other water assets	330,806	691	-	700,037
Flood protection and control works	391,593	18,081	-	416,471
Total infrastructural assets	**982,576**	**19,556**	**-**	**1,568,359**

Council 2017	Closing book value $'000	Additions: Constructed by Council $'000	Additions: Assets transferred to Council $'000	Estimated replacement cost $'000
Infrastructural assets				
Water treatment plants & facilities	197,991	3,992	-	202,941
Other water assets	219,794	1,606	-	225,290
Flood protection and control works	375,768	5,080	-	375,768
Total infrastructural assets	**793,553**	**10,678**	**-**	**803,999**

16 Property, plant and equipment (continued)

Capital Work in Progress

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

Borrowing costs capitalised

During the year no borrowing costs were capitalised (2017: nil).

Operational Port Land

Operational Port Land was last independently valued by Bayleys, a registered valuer, on 30 June 2017. The assessed value at that time was $110.5m (which excludes $3.1m of land acquired during the year ended 30 June 2017) which was adjusted by $63m for estimated Operational Port Land resilience costs. The Directors are satisfied that there has not been a material movement in the fair value as at 30 June 2018.

The Operational port land is comprised of the following land values:

	2018 $'000
Industrial Zoned Land	**79,590**
Commercial Zoned	**8,831**
Other Port Land	**25,231**
Total Operational Port Land	**113,652**
Provision for Resilience	**(63,000)**
Carrying Value Operational Port Land	**50,652**
Additions, Transfers, and Disposals of Port Land	**2,739**
Carrying Value Operational Port Land 30 June 2018	**53,391**

The fair value of Operational Port Land has been determined in accordance with Australia and New Zealand Valuation and Property Standards, in particular Valuation Guidance Note NZVGN 1 Valuations for Use in New Zealand Financial Reports and IVS 300 Valuations for Financial Reporting.

Operational Port Land was independently valued by registered valuers of the firm Bayleys on 30 June 2017. The fair value of Operational Port Land is based on the highest and best use for transport distribution, road/rail/port linkages and logistics.

The fair value of Operational Port Land is determined with reference to a fair value hierarchy of inputs. All inputs into the determination of fair value of Operational Port Land sit within level 3 of this hierarchy as they are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Each freehold parcel of land is valued on a rate per square metre basis using the direct sales comparison approach. In carrying out this comparison, consideration is given to:

- sales of land or development sites within the wider Wellington region
- size, shape, location and access to services
- road frontage , exposure to vehicles
- allowable height and density of use.

Key assumptions underlying the valuation are set out below:

16 Property, plant and equipment (continued)

(i) Land at Aotea Quay, the Northern Reclamation and Point Howard have been valued in their current condition.

(i) Parts of the port incurred significant settlement resulting in undulations and sharp height variations to some sealed areas. The valuation was completed on the basis that all remediation work was complete, including re levelling and laying new seal.

The table below summarises the valuation approach and key assumptions used by the valuers to arrive at fair value and the sensitivity of the valuation to movements in unobservable inputs.

Freehold land	Fair value $'000	Valuation approach	Key valuation assumptions	Valuation impact
Operational Port Land				
Industrial Zoned	$79,590	Comparison to sales of industrial land in similar locations	Weighted average land value - $40 - $600 psm -	+/- 5% ($4.0m)
Commercial Zoned	$8,831	Comparison to sales of commercially zoned land in similar locations	Weighted average land value - $750 - $2,100 psm	+/- 5% ($0.4m)

Valuation Approach - Operational Port Leasehold Land

A capitalised net rental approach is used to value leasehold land, where market ground rental is capitalised with reference to sales of lessors interests, with an allowance made for differences between contract and market rents adjusted for the terms of the lease. Inputs into this valuation approach are:

- comparable recent rental settlements on a rate per square metre of land,
- perpetually renewable or terminating lease
- rental review periods
- forecast trends for interest rates and market based property yields.

Market rental is assessed using both the:

- Classic approach under which the valuer adjusts a basket of comparable rental settlements for a ground rental rate psm pa and multiplies by the land area leased, and the
- Traditional approach whereby the valuer assesses a market land value and applies a market based ground rental percentage against this value.

Value is assessed once the market rental is assessed; the overage or underage is calculated until rent review date. To this figure is added the value of right to renew if perpetual lease or the PV of the total market value of the site deferred until lease end.

16 Property, plant and equipment (continued)

The following table summarises the key inputs and assumptions used by the valuer to arrive at fair value and the sensitivity of the valuation to movements in unobservable inputs.

Leasehold land	Fair value $'000	Valuation approach	Key valuation assumptions	Valuation impact
Operational port land	$25,231	Capitalised market rental checked to comparable sales of freehold land	Weighted average land value - $120 - $2,100 psm	+/- 5% ($1.3m)

Port Land Resilience

An adjustment of $63m (2017: $63m) has been made to the fair value of Operational Port Land at 30 June 2018 to recognise the resilience work that needed to be undertaken to support the land. The resilience works costs are estimated with reference to the expected costs for remediation works undertaken for part of the operational port land.

There is a high level of uncertainty attached to the level of adjustment to be recognised against the port land resilience. This uncertainty includes the appropriate level of resilience required for each area of land, the range of potential technical solutions available to provide the desired level of resilience, and the cost of each potential solution.

Planning for the works to be undertaken is underway. The adjustment to the fair value of Operational Port Land is a critical accounting estimate as the actual costs of resilience works may differ significantly from the estimate.

A 15% increase/decrease in the estimate of the cost of the works would result in a movement in the fair value of Operational Port Land of $9.5m.

Greater Wellington Rail Limited (GWRL)

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

All other property, plant and equipment are carried at cost less accumulated depreciation and any allowance for impairment.

17 Intangible assets

Council	Software $'000	*Emission units $'000	Total $'000
Year ended 30 June 2017			
Opening net book amount	3,947	5,070	9,017
Additions	167	-	167
Disposals	-	-	-
Revaluation	-	(211)	(211)
Transfers	-	-	-
Net amortisation charge	(890)	-	(890)
	-	-	-
Closing net book amount	3,224	4,859	8,083
At 30 June 2017			
Cost and valuation	11,151	4,859	16,010
Valuation	-	-	-
Accumulated amortisation and impairment	(7,927)	-	(7,927)
Net book amount	3,224	4,859	8,083
Year ended 30 June 2018			
Opening net book amount	3,224	4,859	8,083
Additions	1,324	878	2,202
Disposals	-	-	-
Revaluation	-	1,140	1,140
Transfers	-	-	-
Net amortisation charge	(938)	-	(938)
Closing net book amount	3,610	6,877	10,487
At 30 June 2018			
Cost and valuation	11,614	6,877	18,491
Accumulated amortisation and impairment	(8,004)	-	(8,004)
Net book amount	3,610	6,877	10,487

17 Intangible assets (continued)

Group	Goodwill $'000	Software $'000	*Emission units $'000	Total $'000
Year ended 30 June 2017				
Opening net book amount	2,674	4,319	5,070	12,063
Acquisition of subsidiary	-	459	-	459
Additions	-	-	-	-
Revaluation	-	-	(211)	(211)
Transfers	-	141	-	141
Amortisation charge	-	(1,082)	-	(1,082)
Closing net book amount	2,674	3,837	4,859	11,370
At 30 June 2017				
Cost	2,674	15,190	4,859	22,723
Accumulated amortisation and impairment	-	(11,353)	-	(11,353)
Net book amount	2,674	3,837	4,859	11,370

Group	Goodwill $'000	Software $'000	Emission Units $'000	Total $'000
Year ended 30 June 2018				
Opening net book amount	2,674	3,837	4,859	11,370
Additions	-	1,612	878	2,490
Revaluation	-	-	1,140	1,140
Disposal	-	(103)	-	(103)
Amortisation charge	-	(1,199)	-	(1,199)
Closing net book amount	2,674	4,147	6,877	13,698
At 30 June 2018				
Cost and valuation	2,674	15,839	6,877	29,613
Accumulated amortisation and impairment	-	(11,692)	-	(15,915)
Net book amount	2,674	4,147	6,877	13,698

No intangible assets are pledged as security for liabilities.

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

18 Insurance coverage, asset values and contingency funds

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

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

	Value of assets covered by insurance $'000	Maximum level of insurance coverage $'000
Council assets	**687,111**	607,578
Rolling Stock	**429,700**	140,000
Total	**1,116,811**	747,578

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

	Value of fund maintained $'000	Total value of assets self-insured $'000
Council assets	**89,216**	1,154,137
Rolling stock	**-**	289,700
Total	**89,216**	1,443,837

Mean Damage Estimates are used based on a 1,000 year average return interval (ARI) targeting the Wellington Fault based on a magnitude (Mw) 7.3 rupture to understand the risk and level of funds required to meet a catastrophic event. The combined estimate for the Water underground assets and Flood Protection assets has been calculated at $173 million by Tonkin & Taylor and Aon.

The Government will provide up to 60% of the loss of Infrastructure assets such as stopbanks, flood protection structures and below ground water infrastructure assets. This support is laid down in section 26 of the Guide to the National Civil Defence Plan Emergency Management Plan.

19 Investment properties

GWRC holds no investment in properties.

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

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

Land Available for Development and Lessors Interests - Valuation

The Land Available for Development and Lessors Interests were valued on 30 June 2018 by independent registered valuers of the firm Bayleys. The property is valued in accordance with New Zealand Property Institute Practice Standard 3 Valuations for Financial Reporting Purposes at fair value arrived at using comparable market rental information. After allowing for impairment, based on the expected cost to reinstate the land, the fair value of the investment property valued was $13.515 million (2017: $12.022 million).

Valuation approach

The fair value of Freehold Investment Property is based on the highest and best use for commercial property.

The fair value of Investment Property is determined with reference to a fair value hierarchy of inputs as described in Note 16. This hierarchy reflects the significance of the inputs used in making the measurements.

All inputs into the determination of fair value of Investment Property sit within level 3 of this hierarchy.

Freehold investment property

Each freehold investment property is valued on an income capitalisation and discounted cash flow basis using the direct sales comparison approach and market derived parameters for rental and yields. In carrying out this comparison, consideration is given to sales of similar property within the wider Wellington region.

Leasehold investment property

A capitalised net rental approach is used to value leasehold land, where market ground rental is capitalised with reference to sales of lessors interests, with an allowance made for differences between contract and market rents adjusted for the terms of the lease. Inputs into this valuation approach are comparable recent rental settlements on a rate per square metre of land, perpetually renewable or terminating lease rental review periods forecast trends for interest rates and market based property yields.

Market rental is assessed using both the Classic Approach under which the valuer adjusts a basket of comparable rental settlements for a ground rental rate psm pa and multiplies by the land area leased, and the traditional approach whereby the valuer assesses a market land value and applies a market based ground rental percentage against this value.

19 Investment properties (continued)

The table below summarises the valuation approach used by the valuers before allowances for infrastructure service costs to arrive at fair value and the sensitivity of the valuation to the movements in unobservable inputs.

	Fair value $'000	**Valuation approach**	**Key valuation assumptions**	**Valuation impact**
Improved Properties	8,100	Capitalised rental checked to freehold land value	Market capitalisation rate of 9.25%	+ / - 0.25%+$0.2m / -$0.2m
Development sites commercial	23,409	Direct sales comparison	Weighted average land value $600 to $1,950 psm (excl. common area) less allowance for infrastructure costs and demolition costs	+/- 5% ($1.1m)

	Council		**Group**	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Developed investment properties brought forward	**-**	-	**-**	15,676
Additions / (disposals)	**-**	-	**-**	229
Reclassification to property, plant and equipment	**-**	-	**-**	(15,676)
Impairment and change in the value of developed investment property	**-**	-	**-**	(229)
Developed investment properties carried forward	**-**	-	**-**	-
Land available for development brought forward	**-**	-	**12,022**	21,596
Additions / (disposals)	**-**	-	**2,507**	2,700
Transfer from / (to) developed investment property	**-**	-	**-**	-
Transfer to Port Land	**-**	-	**-**	(5,942)
Impairment and change in the value of developed investment property	**-**	-	**-**	(6,332)
Increase / (decrease) in fair value	**-**	-	**(1,014)**	-
Land available for development carried forward	**-**	-	**13,515**	12,022
Transfers from Property, Plant, and Equipment	**-**	-	**127**	-
Fair value change	**-**	-	**37**	-
Lessors interest carried forward	**-**	-	**164**	-
	-	-	**13,679**	12,022

20 Investments in subsidiaries and associates

Name of entity	Relationship	Equity holding 2018 %	Equity holding 2017 %
WRC Holdings Limited	Subsidiary of GWRC	**100**	100
Port Investments Limited	Subsidiary of WRC Holdings Limited	**100**	100
CentrePort Limited	Subsidiary of Port Investments Limited	**76.9**	76.9
Greater Wellington Rail Limited	Subsidiary of WRC Holdings Limited	**100**	100
Wellington Regional Economic Development Agency	Minority Interest	**20**	20
Wellington Water Limited	Council Controlled Organisation	**20**	20

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

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

	Actual 2018 $'000	Actual 2017 $'000
WRC Holding Limited shares	**256,445**	248,995
Wellington Water Limited	**150**	150
Total investment in subsidiaries	**256,595**	249,145

For commercial sensitivity purposes, the financial information of associates is not disclosed.

21 Derivative financial instruments

	Council		Group	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Current asset portion				
Interest rate swap	**206**	11	**206**	11
Total current asset portion	**206**	11	**206**	11
Non-current asset portion				
Interest rate swaps	**450**	260	**450**	260
Total non-current asset portion	**450**	260	**450**	260
Total derivative financial instruments - assets	**656**	271	**656**	271
Current liability portion				
Interest rate swaps	**671**	914	**671**	914
Total current liability portion	**671**	914	**671**	914
Non-current liability portion				
Interest rate swaps	**41,047**	34,616	**41,047**	43,394
Total non-current liability portion	**41,047**	34,616	**41,047**	43,394
Total derivative financial instruments - liabilities	**41,718**	35,530	**41,718**	44,308

For more information on interest rate swaps and foreign exchange contracts, please refer to note 26 Financial Instruments. The fair values of the derivative financial instruments have been determined using a discounted cashflow technique based on market prices at balance date.

22 Trade and other payables

	Council		Group	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Trade payables	**28,364**	31,521	**43,317**	40,764
Deposits and bonds	**-**	-	**6**	80
Revenue in advance	**2,037**	2,473	**2,037**	2,473
Accrued interest on borrowings	**3,217**	2,157	**3,217**	2,157
Amounts due to related parties	**8,119**	6,272	**-**	-
Total current creditors and other payables	**41,737**	42,423	**48,577**	45,474

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

23 Debt

	Note	Council Actual 2018 $'000	Council Actual 2017 $'000	Group Actual 2018 $'000	Group Actual 2017 $'000
Current debt liabilities					
Bank overdraft	(i)	**-**	-	**4,037**	-
Commercial paper	(ii)	**74,622**	46,767	**74,622**	46,767
Floating rate notes	(iii)	**25,000**	50,000	**25,000**	50,000
Bank loans	(iii)	**-**	-	**18,003**	146
Total current debt liabilities		**99,622**	96,767	**121,662**	96,913
Non-current debt liabilities					
Committed lines	(i)	**-**	700	**-**	700
Bank loans	(iv)	**-**	-	**44,080**	80,080
Fixed rate bond	(vi)	**25,000**	-	**25,000**	-
Floating rate notes	(v)	**255,000**	230,000	**255,000**	230,000
Total non-current debt liabilities		**280,000**	230,700	**324,080**	310,780
Total debt liabilities		**379,622**	327,467	**445,742**	407,693

Terms and conditions

The Council provides security to lenders as required in the form of debenture stock which provides a charge over rates and rates income.

i) GWRC has no overdraft facility. As at 30 June 2018 Greater Wellington had undrawn credit lines of $105,000,000 (2017: $69,300,000), of which $35,000,000 mature in 2020 and $70,000,000 mature in 2021. All three facilities can be repaid or drawn down until expiry and have the ability to be extended annually at the discretion of the bank. These borrowings are subject to a charge over rates.

As at 30 June 2018 the Group had a bank overdraft balance of $4,037,000 (2017: $nil).

ii) As of 30 June 2018 GWRC has issued three (2017: three) tranches of commercial paper which all mature within three month from balance date. Their weighted average interest rate is 2.07% (2017: 2.0%).

iii) On 18 December 2014 CentrePort entered into new revolving cash advance agreements with ANZ Bank New Zealand Limited, Commonwealth Bank Of Australia Limited and Westpac Banking Corporation Limited. The bank facilities total $125 million with renewal dates ranging from 1 to 4 years. Included in the bank facilities is an evergreen facility of $25 million subject to a 13 month cancellation notice. As at 30 June 2018 the Group has $18 million (2017: $36 million) borrowed under these facilities.

iv) WRC Holdings Limited has commercial paper of $44.3 million (2017: $44.3 million) on issue which is supported by a $44 million (2017: $44 million) bank facility with the Commonwealth Bank of Australia Limited. The debt is secured by $50 million of uncalled shares from Wellington Regional Council. The security is maintained by Trustee Executors. The interest rate charged as at 30 June 2018 was 2.025% p.a. (2017: 2.00% p.a.).

v) As at 30 June 2018 GWRC has issued ten (2017: ten) floating rate notes of $25,000,000 each. They mature in March 2019, May 21, April 22, October 23, June 24, June 25, June 26, April 27, April 29 and April 33 (2017: December 2017 (two), March 19, May 21, April 22, June 24, June 25, June 26 April 27 and April 33). The interest rates are ranging between 2.4975% and 2.9325% (2017: 2.4375% and 3.1650%). GWRC has also issued one $30,000,000 (2017: one) floating rate note with a maturity of April 2023. The interest rate is 2.6250% p.a (2017: 2.565%). The Interest rate of the floating rate notes is reset quarterly based on the 90-day bank bill rate plus a margin.

vi) GWRC has issued one (2017: nil) fixed rate bond. The $25,000,000 bond has a 4.31% coupon and is due for repayment in April 2031.

23 Borrowings (continued)

In December 2011 GWRC (long term S&P credit rating of AA) guaranteed the borrowings of CentrePort Limited up to their banking facility limit of $125,000,000 (2017: $150,000,000). In recognition of the provision of the guarantee the company pays a guarantee fee to GWRC.

24 Employee Entitlements and provisions

	Council		**Group**	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Current Liability				
Employee benefits	**2,790**	2,494	**6,310**	5,647
Earthquake repair works	**-**	441	**-**	441
	2,790	2,935	**6,310**	6,088
Non-current portion				
Employee benefits	**194**	201	**839**	953
Total Employee Benefit Liabilities	**2,984**	3,136	**7,149**	7,041

	Annual Leave $'000	**Long Service Leave $'000**	**Restructuring $'000**	**Earthquake repair works $'000**	**Total $'000**
Council					
2018					
Opening carrying value	2,494	201	-	441	3,136
Addition	296	-	-	-	296
Amounts used	-	(7)	-	(441)	(448)
Carrying amount at end of year	**2,790**	**194**	**-**	**-**	**2,984**

	Annual Leave $'000	**Long Service Leave $'000**	**Restructuring $'000**	**Earthquake repair works $'000**	**Total $'000**
Council					
2017					
Opening carrying value	2,501	583	310	-	3,394
Addition	-	-	-	441	441
Amounts used	(7)	(382)	(310)	-	(699)
Carrying amount at end of year	**2,494**	**201**	**-**	**441**	**3,136**

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

	Council		Group	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Restated* Actual 2017 $'000
Surplus / (deficit) after tax	**(7,615)**	18,913	**17,501**	61,257
Add / (less) non-cash items				
Depreciation and amortisation	**18,644**	18,221	**42,691**	41,881
Non cash assets	**-**	-	**-**	-
Impairment of property, plant and equipment	**-**	-	**-**	-
Sale of fixed assets	**1,970**	1,304	**2,011**	1,396
Equity accounted earnings from associate companies	**-**	-	**(22,581)**	19,769
Change in value of future tax benefit	**-**	-	**(1,950)**	20,643
Inventory adjustment	**-**	-	**-**	127
EQ related cost	**-**	-	**2,596**	59,412
Changes in fair value of emission units	**(878)**	211	**(878)**	211
Gain on disposal of fixed asset	**-**	-	**32**	-
Changes in fair value of investment property	**-**	-	**826**	-
Changes in fair value of derivative financial instruments	**8,684**	(19,846)	**(94)**	(30,179)
Changes in fair value of stadium advance	**-**	(244)	**-**	(245)
Changes in fair value of crown loans	**-**	1,965	**-**	1,965
Movement in provision for impairment of doubtful debts	**119**	146	**119**	146
Add / (less) movements in working capital				
Accounts receivable	**(4,358)**	(3,047)	**(4,574)**	5,548
Warm Wellington receivable	**453**	(112)	**452**	(112)
Inventory	**9**	(12)	**82**	11,841
Provisions	**-**	(310)	**-**	-
Borrowings	**-**	-	**(146)**	(730)
Accounts payable	**1,075**	17,021	**3,387**	(10,784)
Employee provisions	**290**	(389)	**112**	(389)
Insurance receivable	**-**	-	**3,417**	(62,685)
Tax	**-**	-	**2,232**	(9,787)
Working capital recognised on WPC acquisition	**-**	-	**(1,900)**	-
Other	**-**	-	**(13)**	(310)
Add / (less) items classified as investing or financing				
Accounts payable related to fixed assets	**(291)**	(296)	**(537)**	(21,607)
Accounts payable related to EQ capital expenditure	**-**	-	**(842)**	-
Accounts receivable related to fixed assets	**-**	-	**-**	(7,100)
Inc/(Dec) in creditors and other payables	**-**	-	**-**	17,782
Inc/(Dec) Gain/Loss on disposal of property, plant and equipment	**-**	-	**(290)**	(297)
Inc/(Dec) in insurance progress payment schedule	**-**	-	**(16,895)**	(75,066)
Inc/(Dec) in employee entitlements	**-**	-	**-**	(141)
Other	**-**	-	**106**	-
Net cash inflow/(outflow) from operating activities	**18,102**	33,525	**24,864**	22,546

26 Financial instruments

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

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

(a) Market risk

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

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

As at 30 June 2018 the Council does not have any foreign exchange contracts (2017: nil). In the Group there is no FX contract as per 30 June 2018 (2017: no contract).

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

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

To minimise the risk on external debt, management monitors the levels of interest rates on an ongoing basis and uses forward rate and swap agreements as well as interest rate collars (options) to manage interest rate exposures for future periods. At 30 June 2018 the Group had entered into the following interest rate swap agreements:

	Council		Group	
Interest Rate Swap Contracts	**2018 $'000**	2017 $'000	**2018 $'000**	2017 $'000
Less than one year	**60,000**	55,000	**60,000**	55,000
One to two years	**45,000**	60,000	**45,000**	75,000
Two to five years	**105,000**	105,000	**105,000**	105,000
Greater than five years	**305,000**	285,000	**305,000**	335,000
Total fair value interest rate risk	**515,000**	505,000	**515,000**	570,000

At 30 June 2018, the fixed interest rates of swaps of the Council vary from 2.8175% to 5.6850% (2017: 2.24% to 5.8350%). At balance date the swap arrangements of the Group are ranging from 2.8175% to 5.6850% (2017: 1.98% to 5.96%).

Cashflow interest rate risk

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

Generally, the Group raises long term borrowings at floating rate and swaps this back into fixed rates using interest rate swaps to manage the cashflow interest rate risk. Under the interest rate swaps the Group agrees with other parties to exchange, at specific intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

26 Financial instruments (continued)

(a) Market risk (continued)

Sensitivity analysis

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

30 June 2018 **Interest rate risk**	**Council +1% Surplus/ (deficit) $'000**	**Council +1% Equity $'000**	**Council -1% Surplus/ (deficit) $'000**	**Council -1% Equity $'000**	**Group +1% Surplus/ (deficit) $'000**	**Group +1% Equity $'000**	**Group -1% Surplus/ (deficit) $'000**	**Group -1% Equity $'000**
Financial assets								
Cash at bank and term deposits	53	-	(53)	-	76	-	(76)	-
New Zealand Local Government Funding Agency Limited borrower notes	45	-	(45)	-	45	-	(45)	-
Bank deposits with maturity terms more than 3 months	330	-	(330)	-	330	-	(330)	-
Water supply contingency investment	104	-	(104)	-	104	-	(104)	-
Material damage property insurance contingency fund	47	-	(47)	-	47	-	(47)	-
Major flood recovery fund	63	-	(63)	-	63	-	(63)	-
Bank Bonds / Floating Rate Note	70	-	(70)	-	70	-	(70)	-
Derivatives	(1,014)	-	1,063	-	(1,014)	-	1,063	-
Financial liabilities								
Committed and uncommitted lines	-	-	-	-	(661)	-	661	-
Commercial paper	(746)	-	746	-	(746)	-	746	-
Floating Rate Notes	(2,800)	-	2,800	-	(2,800)	-	2,800	-
Derivatives	24,784	-	(27,250)	-	24,784	-	(27,250)	-
Total sensitivity to interest rate risk	20,936	-	(23,353)	-	20,298	-	(22,715)	-

30 June 2017 **Interest rate risk**	**Council +1% Surplus/ (deficit) $'000**	**Council +1% Equity $'000**	**Council -1% Surplus/ (deficit) $'000**	**Council -1% Equity $'000**	**Group +1% Surplus/ (deficit) $'000**	**Group +1% Equity $'000**	**Group -1% Surplus/ (deficit) $'000**	**Group -1% Equity $'000**
Financial assets								
Cash at bank and term deposits	3	-	(3)	-	6	-	(6)	-
New Zealand Local Government Funding Agency Limited borrower notes	45	-	(45)	-	45	-	(45)	-
Bank deposits with maturity terms more than 3 months	230	-	(230)	-	230	-	(230)	-
Water supply contingency investment	100	-	(100)	-	100	-	(100)	-
Material damage property insurance contingency fund	58	-	(58)	-	58	-	(58)	-
Major flood recovery fund	59	-	(59)	-	59	-	(59)	-
Bank Bonds / Floating Rate Notes	70	-	(70)	-	70	-	(70)	-
Derivatives	(333)	-	344	-	(333)	-	344	-
Financial liabilities								
Committed and uncommitted lines	(7)	-	7	-	(808)	-	808	-
Commercial paper	(468)	-	468	-	(468)	-	468	-
Floating rate notes	(2,800)	-	2,800	-	(2,800)	-	2,800	-
Derivatives	23,909	-	(26,231)	-	27,070	-	(29,674)	-
Total sensitivity to interest rates	20,866	-	(23,177)	-	23,229	-	(25,822)	-
Derivatives - cash flow hedges	23,909	-	(26,231)	-	27,070	-	(29,674)	-

26 Financial instruments (continued)

(a) Market risk (continued)

Total increase/ (decrease)	23,909	-	(26,231)	-	27,070	-	(29,674)	-

26 Financial instruments (continued)

(a) Market risk (continued)

(b) Credit risk

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

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

Bank balances, bank bonds and notes as well as short-term investments are held with New Zealand registered banks in accordance with GWRC's Treasury Risk Management Policy. No collateral is held by GWRC in respect of bank balances or investments. CentrePort Limited performs credit evaluations on all customers requiring credit and generally does not require collateral.

The Stadium advance is reliant on the Stadium Trust repaying all its external debt prior to making repayments to the settling trustees. The repayment of the stadium advance is expected in the year 2070.

Concentration of credit risk

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

The Group does not have any significant credit risk exposure other than insurance receivable to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Insurance receivables credit risk

A total of $59 million is recognised by CentrePort as a receivable in relation to insurance proceeds at balance date due from various insurance institutions. The SPVs recognised insurance receivable of $91 million at balance date. The credit ratings of the largest insurance credit exposure as published by Standard & Poors is rated A+ and above as at the date of these financial statements.

26 Financial instruments (continued)

(b) Credit risk (continued)

	Council		Group	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Cash at bank and term deposits	**38,308**	23,346	40,622	23,567
Trade and other receivables	**37,674**	35,638	46,937	42,752
Bank Bonds / Floating Rate Note	**22,053**	32,287	22,053	32,287
New Zealand Local Government Funding Agency Limited borrower notes	**4,880**	4,480	4,880	4,480
Stadium advance	**423**	3,305	423	3,305
Derivative financial instrument assets	**656**	271	656	271
Water supply contingency investment	**10,414**	9,967	10,414	9,967
Material damage property insurance contingency fund	**4,669**	5,785	4,669	5,785
Major flood recovery fund	**6,277**	5,875	6,277	5,875
Insurance receivable	**-**	-	59,268	62,685
Total credit risk	**125,354**	120,954	**196,199**	190,974

Credit quality of financial assets

The credit quality of financial assets can be assessed by reference to Standard and Poor's credit rating or to historical information about counterparty default rates.

	Council		Group	
Counterparties with credit ratings	**2018 $'000**	2017 $'000	**2018 $'000**	2017 $'000
New Zealand Local Government Funding Agency Limited borrower notes				
AA+	4,880	4,480	**4,880**	4,480
Cash at bank and term deposits				
AA-	57,121	31,419	**59,435**	31,640
A	2,547	13,554	**2,547**	13,554
Bank Bonds / Floating Rate Note				
AA-	22,053	32,287	**22,053**	32,287
Derivative financial instruments				
AA-	656	271	**656**	271

(c) Liquidity risk

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

GWRC minimises liquidity risk principally by maintaining liquid financial investments and undrawn committed lines with its relationship banks in accordance with the Treasury Risk Management Policy. The investments are either in short term deposits or negotiable securities that are readily traded in the wholesale market. All counterparties have an A or better S&P rating. CentrePort Limited reduces its exposure to liquidity risk through a bank overdraft and a New Zealand dollar commercial bill facility.

26 Financial instruments (continued)

Contractual maturity analysis of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual date. Future interest payments on floating rate debt are based on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cashflows.

30 June 2018	Less than 3 months $'000	Less than 1 year $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000	Contractual cashflows $'000	Carrying amount $'000
Council 2018							
Financial liabilities							
Trade and other payables	-	41,737	-	-	-	41,737	41,737
Commercial paper	75,000	-	-	-	-	75,000	74,622
Lines of credit	-	-	-	-	-	-	-
Floating rate notes	1,894	30,509	6,939	68,629	223,158	331,129	280,000
Fixed rate bond	-	1,078	1,078	3,234	33,618	39,008	25,000
Total financial liabilities	76,894	73,324	8,017	71,863	256,776	486,874	421,359
Council 2017							
Financial liabilities							
Trade and other payables	-	42,422	-	-	-	42,422	42,422
Commercial paper	47,000	-	-	-	-	47,000	46,767
Lines of credit	-	-	700	-	-	700	700
Floating rate notes	1,743	54,863	31,031	65,333	171,912	324,882	280,000
Total financial liabilities	48,743	97,285	31,731	65,333	171,912	415,004	369,889
Group 2018							
Financial liabilities							
Trade and other payables	-	48,577	-	-	-	48,577	48,577
Commercial paper	75,000	-	-	-	-	75,000	74,622
Lines of credit	-	-	-	-	-	-	-
Floating rate notes	1,894	30,509	6,939	68,629	223,158	331,129	280,000
Fixed rate bond	-	1,078	1,078	3,234	66,318	71,708	25,000
WRCH Group Loans	220	22,700	44,300	-	-	67,220	66,120
Total financial liabilities	77,114	102,864	52,317	71,863	289,476	593,634	494,319
Group 2017							
Financial liabilities							
Trade and other payables	-	45,474	-	-	-	45,474	45,474
Commercial paper	47,000	-	-	-	-	47,000	46,767
Lines of credit	-	-	700	-	-	700	700
Floating rate notes	1,743	54,863	31,031	65,333	171,912	324,882	280,000
Crown loans	-	-	-	-	-	-	-
WRCH Group Loans	222	6,566	70,205	-	12,846	89,839	80,080
Total financial liabilities	48,965	106,903	101,936	65,333	184,758	507,895	453,021

26 Financial instruments (continued)

(d) Fair value hierarchy disclosures

For those instruments recognised at fair value in the balance sheet, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) - Financial instruments with quoted prices for identical instruments in active markets.

- Valuation technique using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

- Valuation techniques with significant non-observable inputs (level 3) - Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position.

Council	Significant non observable inputs $'000	Observable inputs $'000	Quoted market price $'000	Total $'000
30 June 2018				
Financial assets				
Bank bonds / notes	-	22,053	-	22,053
New Zealand Local Government Funding Agency Limited borrower notes	-	4,880	-	4,880
Stadium advance	423	-	-	423
Derivative financial instrument assets	-	656	-	656
Total assets	423	27,589	-	28,012

26 Financial instruments (continued)

(d) Fair value hierarchy disclosures (continued)

Financial liabilities				
Derivative financial instrument liabilities	-	41,718	-	41,718
Fixed rate bonds	-	25,000	-	25,000
Floating rate notes	-	280,000	-	280,000
Total liabilities	-	346,718	-	346,718

30 June 2017	**Significant non observable inputs $'000**	**Observable inputs $'000**	**Quoted market price $'000**	**Total $'000**
Financial assets				
Bank bonds / notes	-	32,288	-	32,288
New Zealand Local Government Funding Agency Limited borrower notes	-	4,480	-	4,480
Stadium advance	3,305	-	-	3,305
Derivative financial instrument assets	-	271	-	271
Total assets	3,305	37,039	-	40,344
Financial liabilities				
Derivative financial instrument liabilities	-	35,530	-	35,530
Fixed rate bonds	-	-	-	-
Floating rate notes	-	280,000	-	280,000
Total liabilities	-	315,530	-	315,530

Group	**Significant non observable inputs $'000**	**Observable inputs $'000**	**Quoted market value $'000**	**Total $'000**
30 June 2018				
Financial assets				
Bank bonds / notes	-	22,053	-	22,053
New Zealand Local Government Funding Agency Limited borrower notes	-	4,880	-	4,880
Stadium advance	423	-	-	423
Derivative financial instrument assets	-	656	-	656
Total assets	423	27,589	-	28,012
Liabilities				
Derivative financial instrument liabilities	-	41,718	-	41,718
Fixed rate bonds	-	25,000	-	25,000
Floating rate notes	-	280,000	-	280,000
Bank loans	-	66,120	-	66,120
Total liabilities	-	412,838	-	412,838

26 Financial instruments (continued)

(d) Fair value hierarchy disclosures (continued)

30 June 2017

Financial assets				
Bank bonds / notes	-	32,288	-	32,288
New Zealand Local Government Funding Agency Limited borrower notes	-	4,480	-	4,480
Stadium advance	3,305	-	-	3,305
Derivative financial instrument assets	-	271	-	271
Total assets	3,305	37,039	-	40,344
Financial liabilities				
Derivative financial instrument liabilities	-	44,308	-	44,308
Floating rate notes	-	280,000	-	280,000
Bank loans	-	80,080	-	80,080
Total liabilities	-	404,388	-	404,388

There were no transfers between the different levels of the fair value hierarchy.

26 Financial instruments (continued)

(d) Fair value hierarchy disclosures (continued)

Valuation techniques with significant non observable inputs (level 3)

The table below provides a reconciliation from the opening balance to the closing balance of the level 3 fair value measurements.

Council

	Level 3 $'000
Balance at 1 July 2017	3,305
Gain and losses recognised in the operating surplus or deficit	-
Gain and losses recognised in other comprehensive revenue and expense	(2,882)
Maturing debt / Transfer out	-
Balance at 30 June 2018	423
Balance at 1 July 2016	27,617
Gain and losses recognised in the operating surplus or deficit	1,964
Gain and losses recognised in other comprehensive revenue and expenses	245
Maturing debt / transfer out	(26,521)
Balance at 30 June 2017	3,305

Group

	Level 3 $'000
Balance at 1 July 2017	3,305
Gain and losses recognised in the operating surplus or deficit	-
Gain and losses recognised in other comprehensive revenue and expense	(2,882)
Maturing debt / Transfer out	-
Balance at 30 June 2018	423
Balance at 1 July 2016	27,617
Gain and losses recognised in the operating surplus or deficit	1,964
Gain and losses recognised in other comprehensive revenue and expense	245
Maturing debt / Transfer out	(26,521)
Balance at 30 June 2017	3,305

The repayment schedule and the expected repayment date of the stadium advance changed, leading to a write back of the fair value by $2,882,000 (2017: $245,000 write up) to $423,000 (2017: $3,305,000).

26 Financial instruments (continued)

(e) Financial instrument categories

Council	Assets at fair value through surplus or deficit $'000	Shares, Loans and receivables $'000	Held to maturity investments $'000	Total $'000
Assets				
30 June 2018				
Cash and cash equivalents	-	210	5,098	5,308
Receivables and pre-payments	-	37,674	-	37,674
NZ Local Government Funding Agency Shares	-	1,866	-	1,866
Local Government Insurance Corp Shares	-	80	-	80
Wellington Water Limited Shares	-	150	-	150
NZ Local Government Funding Agency Borrowers Notes	-	-	4,880	4,880
Warm Wellington Funding	-	11,196	-	11,196
Bank Bonds / Notes	-	-	-	-
Bank Deposits with maturity terms more than 3 months	-	-	33,000	33,000
Stadium advance	423	-	-	423
Water Supply Contingency Investment	-	-	28,646	28,646
Material Damage Property Insurance Contingency Fund	-	-	8,489	8,489
Major Flood Recovery Fund	-	-	6,277	6,277
Derivative financial instruments	656	-	-	656
Total assets	1,079	51,176	86,390	138,645
30 June 2017				
Cash and cash equivalents	-	346	-	346
Receivables and pre-payments	-	35,638	-	35,638
NZ Local Government Funding Agency Shares	-	1,866	-	1,866
Local Government Insurance Corp Shares	-	80	-	80
Wellington Water Limited Shares	-	150	-	150
NZ Local Government Funding Agency Borrowers Notes	-	-	4,480	4,480
Warm Wellington Funding	-	11,649	10,000	21,649
Bank Deposits with maturity terms more than 3 months	-	-	23,000	23,000
Stadium advance	3,305	-	-	3,305
Water Supply Contingency Investment	-	-	28,344	28,344
Material Damage Property Insurance Contingency Fund	-	-	9,694	9,694
Major Flood Recovery Fund	-	-	5,875	5,875
Derivative financial instruments	271	-	-	271
Total assets	3,576	49,729	81,393	134,698

26 Financial instruments (continued)

(e) Financial instrument categories(continued)

Assets	**Assets at fair value through surplus or deficit $'000**	**Shares, Loans and receivables $'000**	**Held to maturity investments $'000**	**Total $'000**
Group				
30 June 2018				
Cash and cash equivalents	-	2,524	5,098	7,622
Receivables and pre-payments	-	46,937	-	46,937
NZ Local Government Funding Agency Shares	-	1,866	-	1,866
Local Government Insurance Corp Shares	-	80	-	80
Wellington Water Limited Shares	-	150	-	150
NZ Local Government Funding Agency Borrowers Notes	-	-	4,880	4,880
Warm Wellington Funding	-	11,196	-	11,196
Bank Deposits with maturity terms more than 3 months	-	-	33,000	33,000
Stadium advance	423	-	-	423
Water Supply Contingency Investment	-	-	28,646	28,646
Material Damage Property Insurance Contingency Fund	-	-	8,489	8,489
Major Flood Recovery Fund	-	-	6,277	6,277
Derivative financial instruments	656	-	-	656
Total assets	1,079	62,753	86,390	150,222
30 June 2017				
Cash and cash equivalent	-	567	-	567
Receivables and prepayments	-	42,752	-	42,752
NZ Local Government Funding Agency Shares	-	1,866	-	1,866
Local Government Insurance Corp Shares	-	80	-	80
Wellington Water Limited Shares	-	150	-	150
Bank Bonds / Notes	-	-	10,000	10,000
Warm Wellington Funding	-	11,649	-	11,649
NZ Local Government Funding Agency Borrowers Notes	-	-	4,480	4,480
Bank Deposits with maturity terms more than 3 months	-	-	23,000	23,000
Stadium advance	3,305	-	-	3,305
Water Supply Contingency Investment	-	-	28,344	28,344
Material Damage Property Insurance Contingency Fund	-	-	9,694	9,694
Major Flood Recovery Fund	-	-	5,875	5,875
Derivative financial instruments	271	-	-	271
Total assets	3,576	57,064	81,393	142,033

26 Financial instruments (continued)

(e) Financial instrument categories(continued)

Liabilities	**Liabilities at fair value through surplus or deficit $'000**	**Measured at amortised cost $'000**	**Total $'000**
Council			
30 June 2018			
Trade and other payables	-	41,737	41,737
Commercial paper	-	74,622	74,622
Floating rate notes	-	280,000	280,000
Fixed Rate Bond	-	25,000	25,000
Derivative financial instruments	41,718	-	41,718
Total liabilities	41,718	421,359	463,077
30 June 2017			
Trade and other payables	-	42,422	42,422
Committed Lines	-	700	700
Commercial paper	-	46,767	46,767
Floating rate notes	-	280,000	280,000
Derivative financial instruments	35,530	-	35,530
Total liabilities	35,530	369,889	405,419

Liabilities	**Liabilities at fair value through surplus or deficit $'000**	**Measured at amortised cost $'000**	**Total $'000**
Group			
30 June 2018			
Trade and other payables	-	48,577	48,577
Commercial paper	-	74,622	74,622
Bank loans	-	66,120	66,120
Floating rate notes	-	280,000	280,000
Fixed rate Bond	-	25,000	25,000
Derivative financial instruments	41,718	-	41,718
Total liabilities	41,718	494,319	536,037
30 June 2017			
Trade and other payables	-	45,474	45,474
Commercial paper	-	46,767	46,767
Bank loans	-	80,780	80,780
Floating rate notes	-	280,000	280,000
Derivative financial instruments	44,308	-	44,308

26 Financial instruments (continued)

(e) Financial instrument categories(continued)

Total liabilities	44,308	453,021	497,329

Greater Wellington Regional Council
Notes to the financial statements
30 June 2018
(continued)

27 Contingencies

	Council		Group	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Legal proceedings and obligations	**-**	120	**-**	120
Uncalled capital - WRC Holdings Limited				
50,000,000 $1 shares uncalled and unpaid	**50,000**	50,000	**-**	-
170,200,000 $1 shares, 158,374,024 shares called and paid	**11,826**	19,276	**-**	-
Guarantee for CentrePort debt obligations	**125,000**	150,000	**-**	-
New Zealand Local Government Funding Agency Limited				
1,866,000 $1 shares uncalled and unpaid	**1,866**	1,866	**1,866**	1,866
Total contingencies	**188,692**	221,262	**1,866**	1,986

GWRC is a founding shareholder of the New Zealand Local Government Funding Agency Limited (LGFA). As part of the arrangement GWRC has guaranteed the debt obligations of the LGFA along with other shareholders of the LGFA in proportion to its level of rates revenue. GWRC believes the risk of this guarantee being called on is extremely low, given the internal liquidity arrangements of the LGFA, the lending covenants of the LGFA and the charge over rates the LGFA has from councils. Total security stock certificates on issue is $8,594m (2017: $8,205m).

The Group is entitled to insurance claims for damage incurred to its insured assets and infrastructure from the November 2016 earthquake. The insurers have accepted that the damage is covered under the group insurance policies. However, the damage assessments and repairs have not been completed and the final settlement amount has not yet been agreed.

In the CentrePort Group's Statement of Intent issued to shareholders, $400m of insurance proceeds are forecast to be recognised over the period to 30 June 2020 in relation to port operations, of which CentrePort has recognised $210m to 30 June 2018.Until the insurance claim process is finalised it is not possible to reliably estimate the value of the contingent asset.

Full provision has been made for insurance claims on the commercial properties see note 15

28 Related party transactions

Related party disclosures have not been made for transaction with related parties that are with a normal supplier or client/recipient relationship on terms and condition no more favourable than those that it is reasonable to expect the Council and Group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Council Group, where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such transactions.

Related party transactions required to be disclosed

The Council has paid Wellington Regional Economic Development Agency (WREDA) totals grants of $4.3m during the year (2017: $4.2m). This grant partly funds WREDA activities, of supporting the development of economic development strategies and initiatives for Wellington. The Council has collected these funds for the grant via the targeted WRS rate from all ratepayers.

Key management personnel

	Parent Actual 2018 $'000	Parent Actual 2017 $'000
Council		
Remuneration	**1,101**	1,023
Full-time equivalent members	**13**	13
Executive Leadership Team including the Chief Executive		
Remuneration	**2,355**	2,043
Full-time equivalent members	**9**	8
Total key management personnel remuneration	**3,456**	**3,066**
Total full-time equivalent personnel	**22**	**21**

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

29 Remuneration

Chief Executive remuneration

For the year ending 30 June 2018, GWRC's Chief Executive, appointed under section 42(1) of the Local Government Act 2002, received a total remuneration from GWRC of $429,886 (2017: $426,212).

	Actual 2018 $	Actual 2017 $
Councillor remuneration		
Councillor J Aitken	**-**	24,569
Councillor R Blakeley	**79,812**	51,302
Councillor J Brash	**64,855**	63,476
Councillor P Bruce	**-**	19,671
Councillor I McKinnon	**77,458**	50,956
Councillor A Staples	**83,030**	51,653
Councillor B Donaldson	**97,878**	92,944
Councillor P Gaylor	**74,164**	47,594
Councillor S Greig	**-**	21,692
Councillor S Kedgley	**81,594**	73,198
Councillor K Laban	**64,855**	63,476
Chair C Laidlaw	**167,166**	157,126
Councillor P Lamason	**83,419**	73,613
Councillor G McPhee	**-**	2,261
Councillor D Ponter	**81,328**	73,726
Councillor P Swain	**80,790**	77,245
Councillor D Ogden	**64,855**	43,805
Councillor N Wilson	**-**	34,630
Total Councillors remuneration	**1,101,204**	1,022,937

The following table identifies the number of full time employees, including employees on maternity leave and their fixed term replacements, and the full time equivalent number of all other part-time, fixed term and casual employees as at the end of the reporting period, 30 June 2018,

	Number of employees 2018	**2017**
$60,000 and below	**106**	102
$60,001 - $79,999	**156**	166
$80,000 - $99,999	**112**	98
$100,000 - $119,999	**76**	64
$120,000 - $139,999	**33**	21
$140,000 - $159,999	**14**	11
$160,000 - $179,999	**15**	17
$180,000 - $199,999	**7**	2
$200,000 - $239,999	**9**	9
$240,000 - $440,000	**6**	6
	-	-
Total Employees	**534**	496
The number of full time employees as at 30 June 2018	**473**	402
The full time equivalent number of all other non-full time employees	**43**	72
The number of employees receiving total remuneration of less than $60,000	**106**	102

A full time employee or full time equivalent is based on a 40 hour week.

Total annual remuneration has been calculated to include any non-financial benefits and other payments in excess of normal remuneration such as employer Kiwisaver contribution.

If the number of employees for any band was 5 or less then it has been combined with the next highest band. Including the Chief Executive, the top band range is $240,000 - $440,000.

30 Capital commitments and operating leases

	Council		Group	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Capital commitments				
Capital expenditure contracted for at balance date but not yet incurred	**6,511**	4,728	**83,253**	86,839

WRC Holdings Limited and Port Investments Limited has no capital or operating commitments as at 30 June 2018 (2017: nil)

At balance date CentrePort had commitments for expenditure of $5.1m for the Group (2017: $1.9m). This relates to Kings Wharf Partial demolition, E-Sites Remediation, Demolition of Thorndon Container Wharf, Shed 51 Cruise Terminal, Seaview Wharf and Straddle House Floor.

Greater Wellington Rail at balance date had commitments in respect of contracts for capital expenditure of $71.6 million (2017: $71.4 million). This relates to the heavy maintenance the rolling stock.

Operating leases as lessee
Future minimum lease payments under non-cancellable operating leases as at 30 June are as follows:

	Council		Group	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Within one year	**2,574**	1,469	**2,919**	2,358
After one year but no more than five years	**2,439**	1,282	**3,433**	3,462
More than five years	**613**	348	**1,268**	1,099
Total non-cancellable operating leases	**5,626**	3,099	**7,620**	6,919

These leases have an average life of between 1 and 10 years with some renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

During the year $2,109,478 was recognised as an expense in the statement of comprehensive income (2017: $1,635,547). Contingent rent was not paid (2017: Nil).

Operating leases as lessor

The Group leases its investment properties under operating leases. The lease terms have non-cancellable terms from 1-4 years. The future aggregated minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Council		Group	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Within one year	**2,703**	2,120	**16,632**	10,468
After one year but no more than five years	**6,428**	6,359	**56,074**	32,047
More than five years	**9,150**	9,231	**41,438**	35,857
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases not recognised in the financial statements	**18,281**	17,710	**114,144**	78,372

No contingent rents have been recognised in the statement of comprehensive income during the period.

31 Severance payments

There was one employee (2017: one) who received a severance payment of $22,910 (2017: $5,000). This disclosure has been made in accordance with Section 33 of schedule 10 of the Local Government Act 2002.

32 Rating base information

		Total
(a) the number of rating units within the district or region of the local authority at the end of the preceding financial year:		203,833
(b) the total capital value of rating units within the district or region of the local authority at the end of the preceding financial year:	$	121,089,177,322
(c) the total land value of rating units within the district or region of the local authority at the end of the preceding financial year.	$	54,587,166,081

33 Major variances between actual and budget

Statement of comprehensive revenue and expenses	**Council Actual 2018 $'000**	Council Budget 2018 $'000
Revenue		
Rates and levies	**152,995**	154,825
Transport operational grants and subsidies	**69,059**	72,647
Other revenue	**75,453**	66,942
Total operational revenue	**297,507**	294,414
Expenditure		
Finance costs	**(19,843)**	(19,921)
Operational Expenditure	**(291,739)**	(291,516)
Operational surplus / (deficit) for the year before transport improvements	**(14,075)**	(17,023)
Transport Improvements grants and subsidies revenue	**16,406**	23,905
Transport improvement expenditure	**(1,262)**	-
Net revenue / (expenditure) for transport improvements	**15,144**	23,905
Surplus / (deficit) for the year before tax and fair value gains / losses	**1,069**	6,882
Asset Revaluation	**195,041**	54,655
Fair value gains / (losses) in revenue and expenditure statement	**(8,684)**	9,250
Total comprehensive income / (deficit) for the year	**187,426**	70,787

Balance sheet		
Assets	-	-
- Current	**119,627**	73,633
- Non-current	**1,454,132**	1,300,078
Total assets	**1,573,759**	1,373,711
Liabilities		
- Ratepayers equity	**1,107,412**	950,854
- Current liabilities	**145,106**	192,857
- Non-current liabilities	**321,241**	230,000
Total equity and liabilities	**1,573,759**	1,373,711

Statement of cash flow		
Cashflows from operating activities	**18,102**	25,046
Cashflows from investing activities	**(65,296)**	(81,316)
Cashflows from financing activities	**52,156**	60,288
	-	-
Net increase / (decrease) in cash, cash equivalents and bank overdraft	**4,962**	4,018
Cash and cash equivalents at the beginning of the year	**346**	17,300
Cash and cash equivalents at the end of the year	**5,308**	21,318

GWRC's 2017/18 net operating surplus before fair value gains and losses is $1.0 million, compared with a budgeted surplus of $6.9 million. Including asset revaluation ($195.0 million), fair value movements (negative $8.7 million) and net surplus of $187.4 million which is $116.6 million ahead of budget.

33 Major variances between actual and budget (continued)

Significant components of this variance are:

1. Rates and levies

GWRC rates and levies revenue was $1.8 million lower due to:

- - Lower rates revenue due to lower rates payments received to correct prior year's error of $1.7m, offset by a growth in the number of local City Councils rating units resulting to an additional $ 0.6 million in general rates collected.
- - Reduced targeted rates collected for Warm Wellington by local City Councils of $0.7million, as some ratepayers have paid off their Warm Wellington loan during the year. This settlement by ratepayers of their Warm Greater Wellington rate is noted below in other revenue.

2. Grants and subsidies revenue

GWRC primarily receives grant revenue to fund various key transport programmes and projects. Grants and subsidy revenue is $3.6 million lower than budget which reflects lower than planned claimable costs for key transport programmes and projects.

3. Other revenue

GWRC receives revenue from external fees and charges, interest revenue and any gains / (losses) on the disposal of assets. Other revenue was $8.5 million higher due to:

- Additional rail fare revenue of $2.5 million due to higher than expected patronage growth during the year.

-Additional revenue of $2.0 million due to the timing of external contributions to the National Ticketing Programme.

- Additional revenue of $1.3m received for the building and business interruption earthquake insurance.

-Additional interest revenue of $1.2 million due to the prefunding of debt and favourable deposit rates.

- Additional revenue of $1 million from stakeholders for the Wellington Regional Infrastructure Resilience Business case.

- Additional revenue of $0.9 million relating to the Emission Trading Scheme

- Additional Warm Wellington revenue of $0.7 million reflecting ratepayers during the year who settle their Warm Greater Wellington rate.

4. Transport improvements

GWRC primarily receives grant revenue to fund various key transport programmes and projects that are capital in nature. Grants and subsidy revenue is $8.8 million lower than budget which reflects lower than planned claimable capital and debt servicing costs for key transport programmes and projects.

33 Major variances between actual and budget (continued)

5. Fair value adjustments

Fair value is $17.9 million unfavourable to budget reflecting the decrease of the fair value of the swaps due to the continued decrease of market interest rates from 2016/17 and write-down of the Wellington Regional Stadium Trust advance.

7. Total Assets

The assets have increased by $200 million during the year, reflecting the revaluation of water supply and parks infrastructure, investments in water quality, Riverlink and key transport projects.

9. Cash flow

Overall cash and cash equivalents are significantly lower than budget due to a lower opening cash position which reflects the change on investment portfolio to a longer term.

34 Events occurring after the balance date

No dividend was declared post balance date by WRC Holdings (2017: Nil).

Subsequent to balance date, CentrePort received a non specific insurance advance of $50m and CentrePort Properties Group received a non specific insurance advance of $50m of which $3.6m has been allocated to Harbour Quays A1Limited and $46.3m to Harbour Quays F1F2 Limited.

Subsequent to balance date, CentrePort Properties Ltd and the insurers have agreed terms for a final settlement of the insurance claim for CentrePort Properties Ltd, Harbour Quays A1 Ltd, Harbour Quays D4 Ltd and Harbour Quays F1F2Ltd. At the date of signing, the final settlement documentation has not been finalised.

Financials statements will be authorised for issue by Council on 31 October 2018.

There were no other subsequent events up to the date of these financial statements which would affect the amounts or disclosures in the financial statements.

Annual Report disclosure statement for year ended 30 June 2018

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

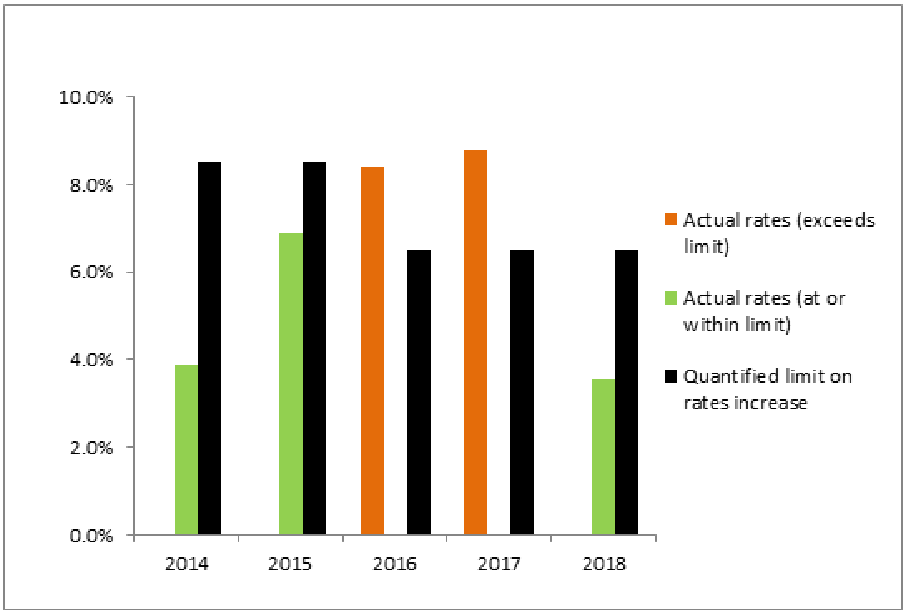
The following graphs need to be read collectively and in conjunction with the attached financial statements. Individually these graphs show a particular view on one aspect of the financial health and management of the Greater Wellington Regional Council.

It is also important to keep in mind the overall strategy and policies Greater Wellington has also adopted when reading these graphs. These are included within the 10 Year Plan 2015-25.

Rates (increases) affordability

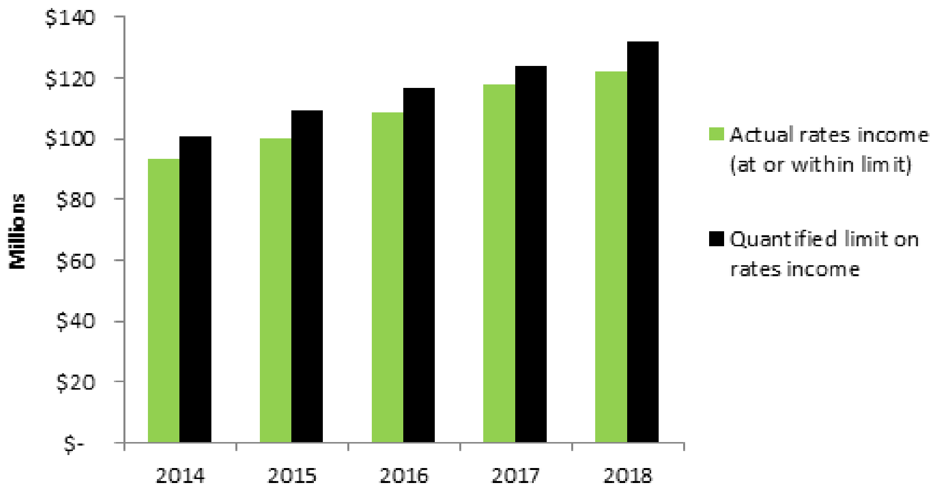
Greater Wellington adopted an average increase of 6.5% per annum (around $31 per year for the average residential ratepayer) in its 10 Year Plan 2015-25 as it continues to significantly invest in improving the public transport network and the on-going flood protection programme.

Rate increases in 2017/18 were greater than the 6.5% average over the duration of the 10 year plan. This is primarily due to the timing of capital programmes, which are weighted more to the earlier years of the plan.



Rates income affordability

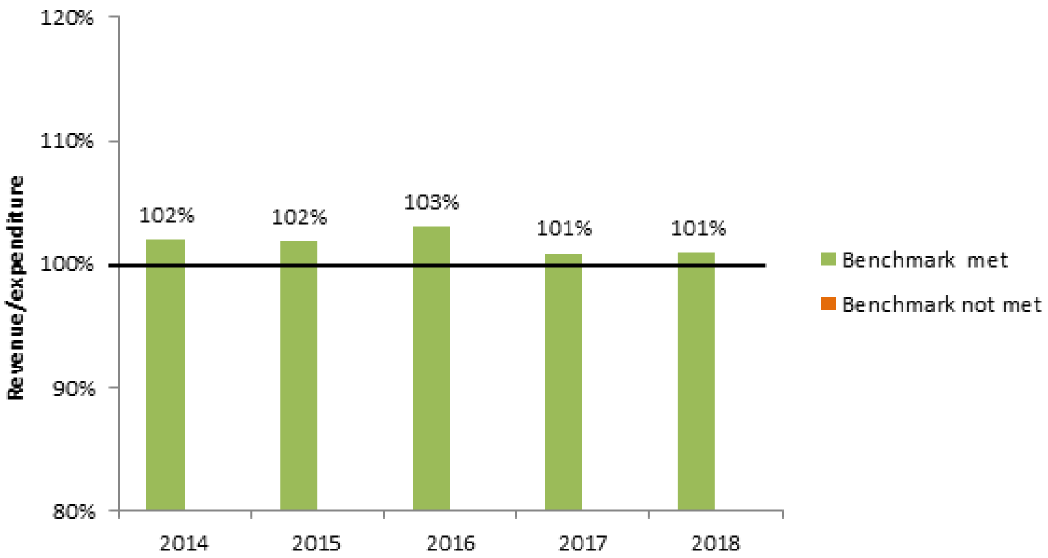
This graph shows the total actual rates collected.



Balanced Budget

This graph shows whether Greater Wellington has been receiving revenue greater or less than its operational expenditure, i.e. whether Greater Wellington has raised adequate revenue to meet its on-going operational costs including depreciation and other non-cash adjustments.

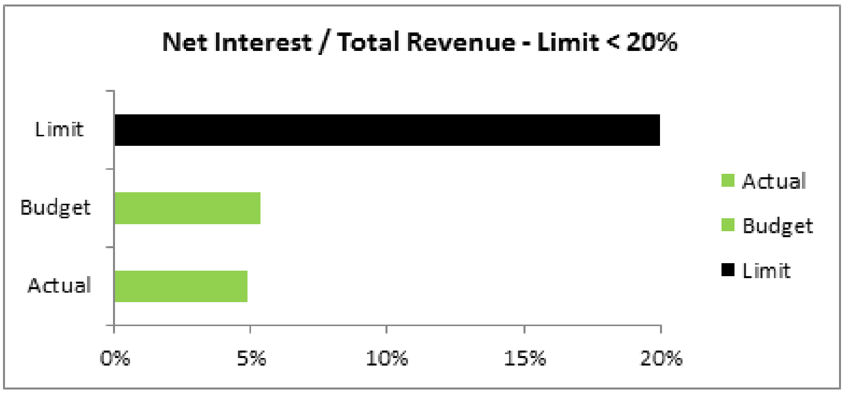
Over recent years Greater Wellington Regional Council has been exceeding this benchmark test.

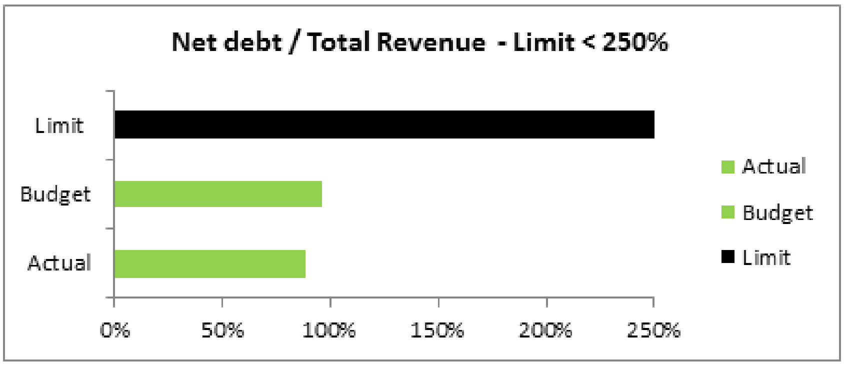


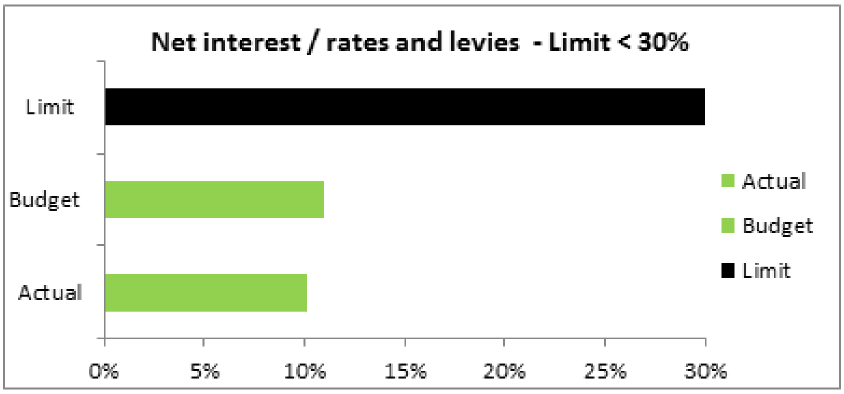
Financial Strategy Financial Limits

The goal of Greater Wellington's Financial Strategy is to ensure Greater Wellington delivers good value for ratepayers' investment by delivering the right services at the best cost. The Strategy encompasses three key financial limits that Greater Wellington adopted in its 10 Year Plan 2015-25.

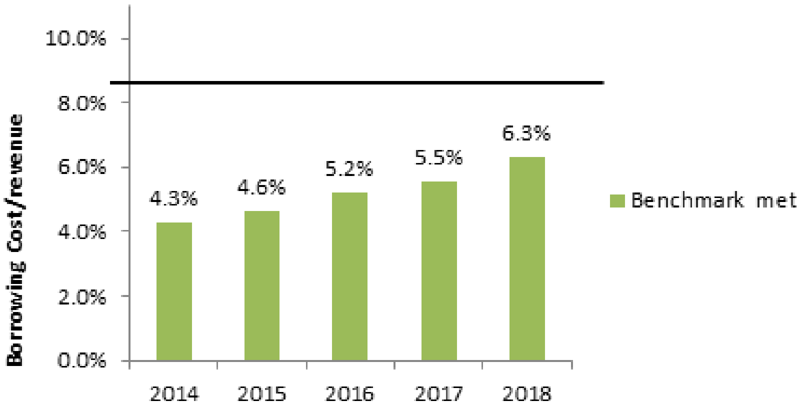
These graphs show that Greater Wellington is being managed within these financial prudential limits.







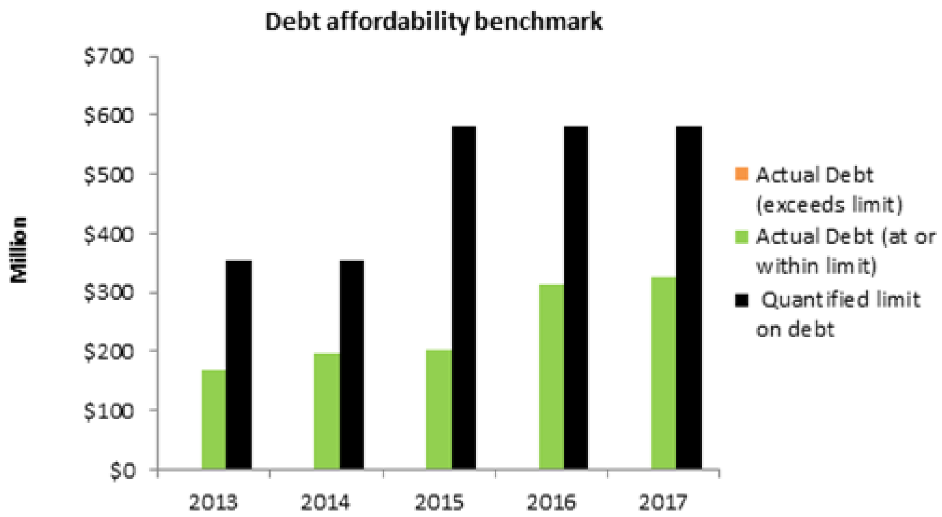
Debt affordability graphs – Debt Servicing



This graph shows the percentage of borrowing costs to revenue. A higher percentage indicates a higher exposure to shifts in interest rates. The benchmark prudential limit is set by Central Government at 10% for non-high population growth regions.

Greater Wellington Regional Council continues to satisfy this benchmark test.

Debt affordability graphs – Debt balance



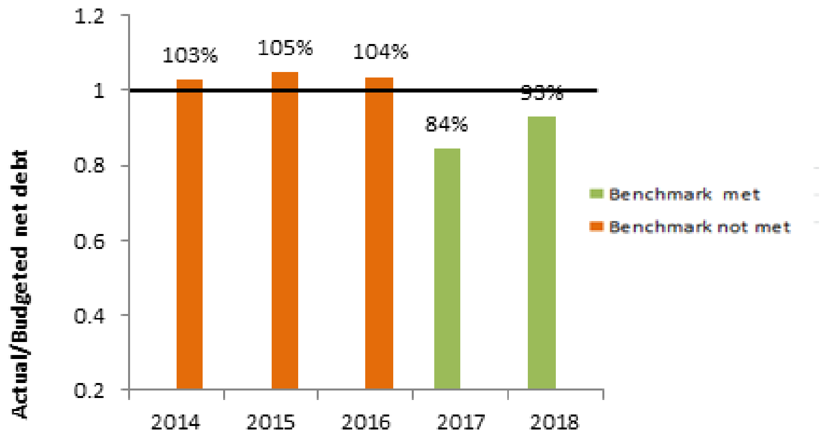
This graph shows the actual debt compared to the debt limit adopted in the 10 Year Plan 2015-25. In the 10 Year Plan 2015-25 the debt projection was for it to peak at $427 million in 2017/18 as the full impact of the investment in upgrading the rail network would be in place.

Greater Wellington Regional Council is satisfying this benchmark test.

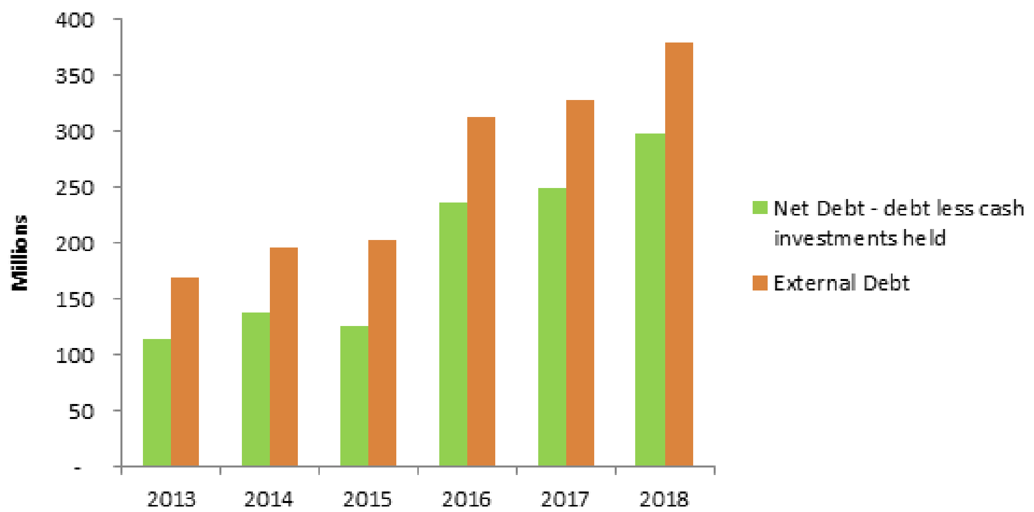
Debt affordability graphs – Debt benchmark

This graph indicates whether actual net debt is less than the budgeted net debt position. Percentages close to 100% indicate that our actual result is close to what we planned.

Greater Wellington Regional Council meets this benchmark.



This graph shows that cash investments significantly lower the overall outstanding debt position.

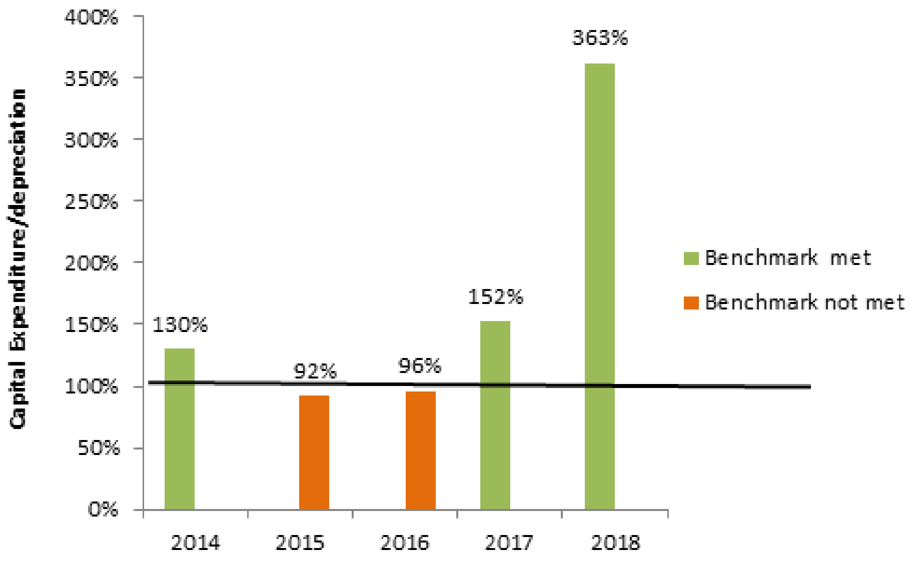


Essential Services

This graph compares actual capital expenditure with depreciation. The general concept is that over time capital expenditure will be similar to depreciation indicating that assets are being replaced in an appropriate and timely manner. As a requirement of the legislation this only includes flood protection and water assets.

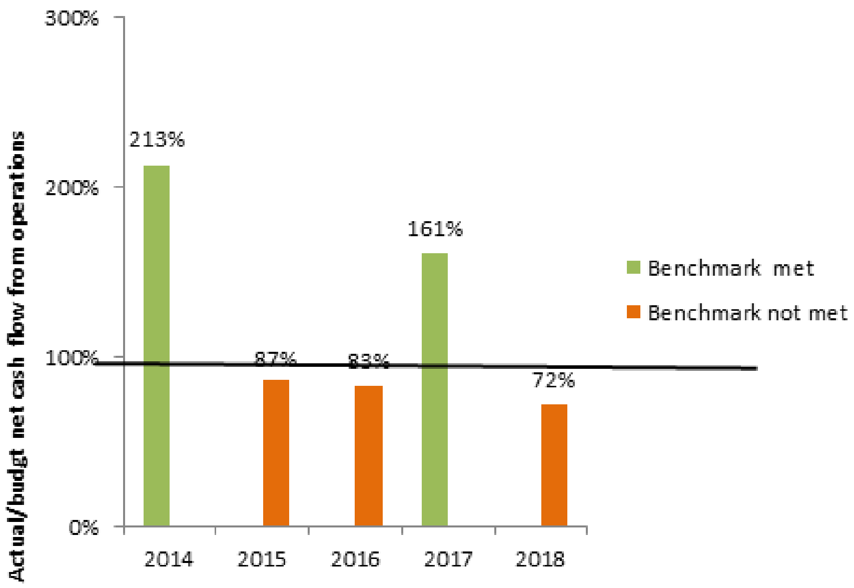
Over time we are meeting this benchmark due to the ongoing new flood protection works being built around the region.

With very long life assets it will not be unexpected to have large periods of time where the results are below this benchmark level.



Operational cash control

This graph shows whether our actual cashflow from operations was close to our budgeted position. With infrastructure projects, there are often variations in timing that cause large differences between budget and actual in a given period.



Statement of compliance and responsibility

Compliance
The Council and Greater Wellington's management confirm that all the statutory requirements of the Local Government Act 2002 in relation to the annual report have been complied with.

Responsibility
The Council and Greater Wellington management accept responsibility for preparing the annual financial statements and judgements used in them. The Council and Greater Wellington management accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and Greater Wellington management, the annual financial statements for the year ended 30 June 2018 fairly reflect the financial position and operations of the Greater Wellington Regional Council.

Chris Laidlaw
Chair
31 October 2018

Greg Campbell
Chief Executive
31 October 2018

Dave Humm
Chief Financial Officer
31 October 2018

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Audit Report – He Pūrongo Arotake Pūtea

Other information

Regional Councillors – Ngā Māngai a Rohe

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Daran Ponter
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daran.ponter@gw.govt.nz

Council committee structure – Ko te Tū ā Komiti o te Kaunihera

As at September 2018

(c) Chair
(d) Deputy Chair (if appointed)

Council
Cr Laidlaw (c)
Cr Donaldson (d)

Chief Executive Employment Review
Cr Ian McKinnon (c)

Environment
Cr Sue Kedgley (c)
Cr Jenny Brash (d)

Finance, Risk and Assurance
Cr Paul Swain (c)

Regional Transport
Cr Barbara Donaldson (c)
Cr Chris Laidlaw (d)

Sustainable Transport
Cr Barbara Donaldson (c)
Cr Daran Ponter (d)

Te Upoko Taiao – Natural Resources Plan
Cr Daran Ponter (co-c)
Hikitia Ropata (co-c)

Wairarapa
Cr Staples (c)
Cr Barbara Donaldson (d)

Wellington Regional Strategy
Mayor, Justin Lester (c)
Cr Roger Blakeley (d)

Greater Wellington structure – Ko tā Te Pane Matua Taiao tū

- **Greg Campbell**
  Chief Executive
  - **Wayne O'Donnell**
    General Manager, Catchment Management
    - Biosecurity
    - Biodiversity
    - Flood Protection
    - Land Management
  - **Nigel Corry**
    General Manager, Environment Management
    - Environmental Policy
    - Environmental Regulation
    - Environmental Science
    - Harbours
    - Parks
  - **Wayne Hastie**
    General Manager, Public Transport
    - Bus & Ferry Operations
    - Rail Operations
    - Public Transport Planning
    - PTTP
  - **Luke Troy**
    General Manager, Strategy
    - Strategic & Corporate Planning
    - Regional Transport Planning
    - Sustainable Transport
    - Democratic Services
  - **Dave Humm**
    General Manager, Corporate Services/ Chief Financial Officer
    - Finance and Support
    - Information, Communication & Technology
    - Legal, Procurement and Asset Management
    - Treasury
    - Programme Management Office
  - **Lucy Matheson**
    General Manager, People and Customer
    - Customer Contact
    - Human Resources
    - Health & Safety
    - Communications and Marketing
  - **Monica Fraser**
    Te Pou Whakarae / Te Hunga Whiriwhiri
  - **Jeremy Holmes**
    Regional Manager WREMO

greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

For more information, please contact Greater Wellington:

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PO Box 11646	PO Box 41	info@gw.govt.nz	
Wellington 6142	Masterton 5840		
T 04 384 5708	T 06 378 2484	**Facebook**	**October 2018**
F 04 385 6960	F 06 378 2146	**Twitter**	GW/CP

Attachment 2 to Report 18.482

Greater Wellington Regional Council

Summary Annual Report 2017/18

Welcome to our summary of the Annual Report 2017/18

Each year Greater Wellington delivers an Annual Report including audited financial statements. The Council adopted our Annual Report 2017/18 on 30 October 2018.

This summary report provides a snapshot of the detail contained in our full Annual Report 2017/18, which you can find on our website, in any of our public offices and at libraries across the region

In short, our Annual Report reflects a strong performance by the council, which should instil confidence among our many communities for the future of our region.

Many large scale projects of significance were advanced during the year with more than $65 million invested in future proofing critically important infrastructure, and the region is safer and more resilient as a result. Some projects have taken longer than originally expected to bring to fruition due to the need to take more time to consider options with affected communities and agreed enduring outcomes.

The Public Transport transformation programme and specifically the roll out of the new bus network, was of course the focus of much of our attention. At the time of preparing our Annual Report, we were working through some of the challenges inherent in such a complex and far-reaching project. We acknowledge that there have been a number of issues from driver shortages and drivers getting used to new routes, to considerable changes for some commuters as a result of the route changes. It is our expectation to be in a position to positively report on our new and improved bus network system in our next year's report.

The adoption of the Long Term Plan 2018-28 has provided us with a clear roadmap for the future and we are grateful for those in the community who took the time to provide their feedback as we collectively created our plan for the decade to move the region forward.

We hope you enjoy this insight into our year and all of the exciting projects we have delivered to our communities and continue to follow our journey to creating a strong and vibrant future for our region.

Chris Laidlaw **Greg Campbell**

Regional Councillors – pictures to be inserted

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Working for you – who we are and what we do

Greater Wellington's Long Term Plan 2015/25 and subsequent annual plans set out the work we planned to deliver for 2017/18 and how that work aligned to the five community outcomes. This document provides a summary of the work we have delivered through the year and how our finances were managed.

Improving quality of life through attaining the Community Outcomes

Strong Economy	A thriving and diverse economy supported by high quality infrastructure that retains and grows businesses and employment
Connected Community	People are able to move around the region efficiently and communications networks are effective and accessible
Resilient Community	A regional community that plans for the future, adapts to climate change and is prepared for emergencies
Healthy Environment	An environment with clean air, fresh water, healthy soils and diverse ecosystems that supports community needs
Engaged Community	People participate in shaping the region's future, take pride in the region, value the region's urban and rural landscapes, and enjoy the region's amenities

Greater Wellington is responsible for a wide range of activities that contribute to the overall wellbeing of the Wellington region reflected in the community outcomes:

- providing protection from flooding
- delivering the Metlink public transport network
- looking after the environment, the land, the seas and waterways
- managing parks and trails for your recreational use
- providing long-term and sustainable initiatives for the region, from travel options to economic programmes.

Did you know?

Our region at a glance

- Makes up 3% of New Zealand's total land area from Wellington City in the south to Ōtaki on the west coast and Pukaha Mt Bruce in the east.
- An area of 8,049 km
- 320km rivers and we manage 280km of stopbanks

Our Earthquake Planning Guide received national and international recognition for its innovative design AND content.

91 schools representing 24,355 students participated in the active travel initiative **Movin March**

1.8 million visits were made to our regional parks

Our **Pedal Ready** scheme trained **6,000** adults and children, including the Wellington police on bikes

35,000 trees were planted on six parks

Peak time rail use increased by 6%

3,600 tonnes of rock was placed along river banks to repair erosion damage and maintain river alignments

11,900 willow poles were planted to strengthen river buffers

Financial overview

This overview provides a summary of the major aspects of our financial management and results for the 2017/18 year.

We have produced this overview to give Greater Wellington residents a snapshot of our finances. Full details are provided later in the report. Refer to the full Annual Report for the full financial statements as well as the costs of providing services for each activity, comparing what was spent with what was budgeted.

Financial performance

Greater Wellington continued to focus on enhancing it's financial management and sound financial position. We performed strongly in managing operating costs and debt levels.

The year-end net deficit of $7.6m was $23.7m unfavourable to budget. There have been many contributing factors, many of which have an offsetting effect. The primary drivers are the unfavourable fair value movement of interest rate derivatives (swaps), additional water treatment costs at the Waterloo treatment plant, extended pre-capitalisation phases of the alternate water source, KiwiRail network insurance, other PT transformation costs, remediation of a prior year rates issue, and lower NZTA grants.

This is partially offset by higher public transport fare revenue, timing of trolley bus decommissioning, savings on an interim ticketing solution, additional interest earned from prefunding of debt, Emission Trading Scheme (ETS) proceeds, and Kaikoura earthquake related insurance revenue.

Greater Wellington invested $65.7m in the regions infrastructure with key programmes of work across the organisation. Capital expenditure was $16.8 million favourable to budget primarily due to timing of Public Transport-related projects, off-set by RiverLink property acquisition timing and additional costs for the Waterloo water quality project.

Greater Wellington had a strong performance against it's financial measures. Refer to the full Annual Report for these.

$315.6 million
revenue from rates, grants & other sources

$314.5 million
costs of running the Greater Wellington region

$7.6 million
net deficit after tax for 2017/18

$4.23
costs of delivering all Council services per rating unit per day

$1.5 billion
of total assets managed by GWRC

$379.6 million
borrowing position at the end of 2017/18

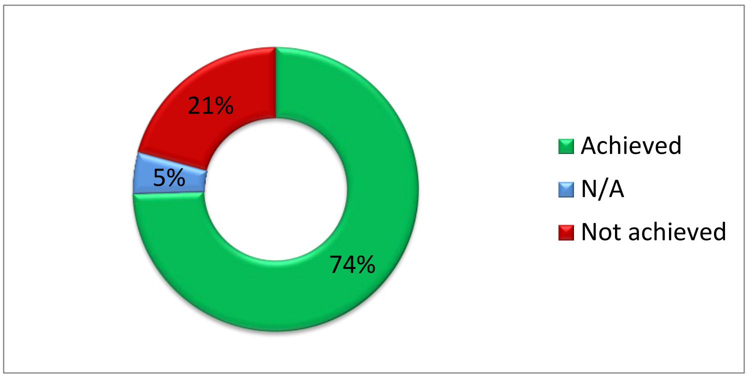
$ 65.7 million
capital spend for 2017/18

AA credit rating
with Standard & Poor indicating good financial health

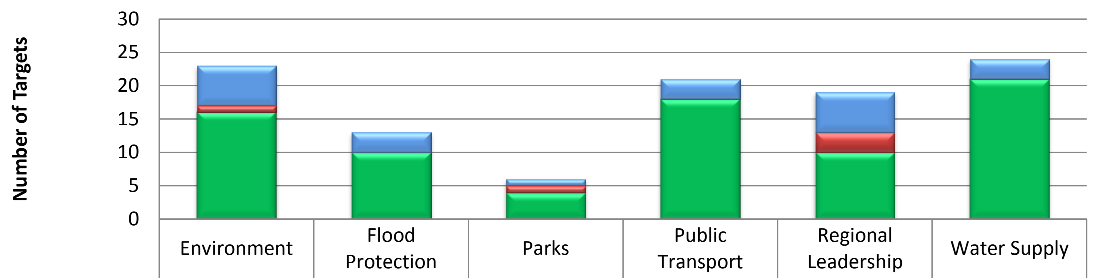
How well did we measure up?

Greater Wellington reports against 106 performance targets as outlined in the Long Term Plan 2015-25. Overall, we have worked successfully with the community in meeting most of our performance targets and agreed work programme.

As displayed in the graph below **74 percent** of the performance **targets were met.** Five percent of the measures were assigned as Not Applicable. Targets that fell within this category reflect measures where we were unable to get an accurate measurement or instances when targets have been updated since publication of the Long Term Plan 2015-25.



The graph below displays the total number of non-financial performance targets by Activity Group. Further details on the performance targets can be found in the full Annual Report and are summarised further in this document.



	Environment	Flood Protection	Parks	Public Transport	Regional Leadership	Water Supply
Not achieved	6	3	1	3	6	3
N/A	1		1		3	
Achieved	16	10	4	18	10	21

Our financial performance at a glance

2016/17 Actual	2017/18 Actual	2017/18 Annual Plan
$296.5 m	$315.6 m	$318.3 m

$153.0 million
from rates and water levy

$162.6 million
from grants & other sources

Annual expenditure

2016/17 Actual	2017/18 Actual	2017/18 Annual Plan
$295.5 m	$314.5 m	$311.4 m

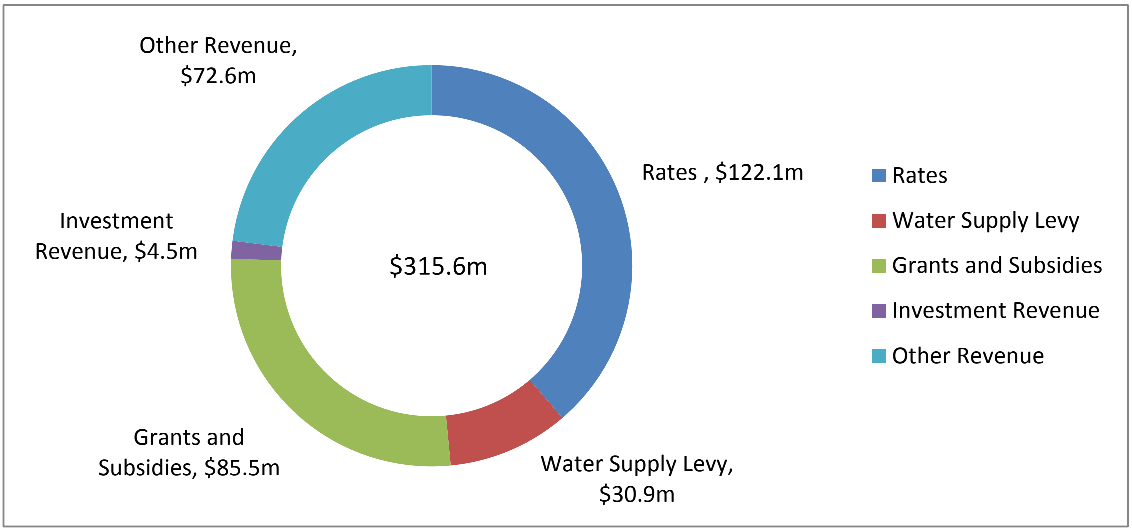
Capital expenditure

2016/17 Actual	2017/18 Actual	2017/18 Annual Plan
$47.7 m	$65.7 m	$82.5 m

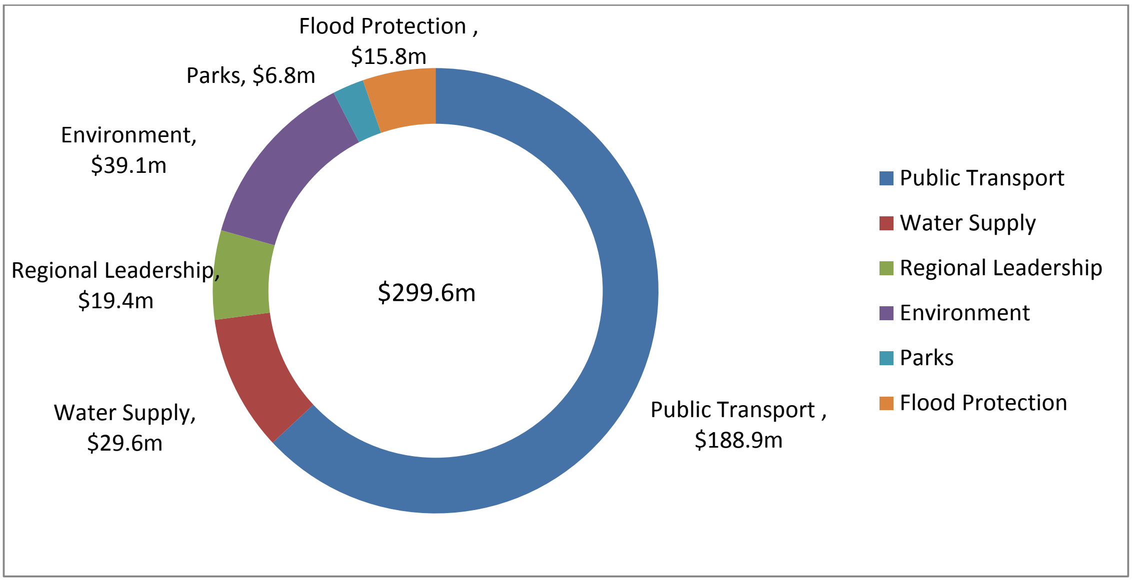
Debt

2016/17 Actual	2017/18 Actual	2017/18 Annual Plan
$327.5 m	$379.6 m	$396.2 m

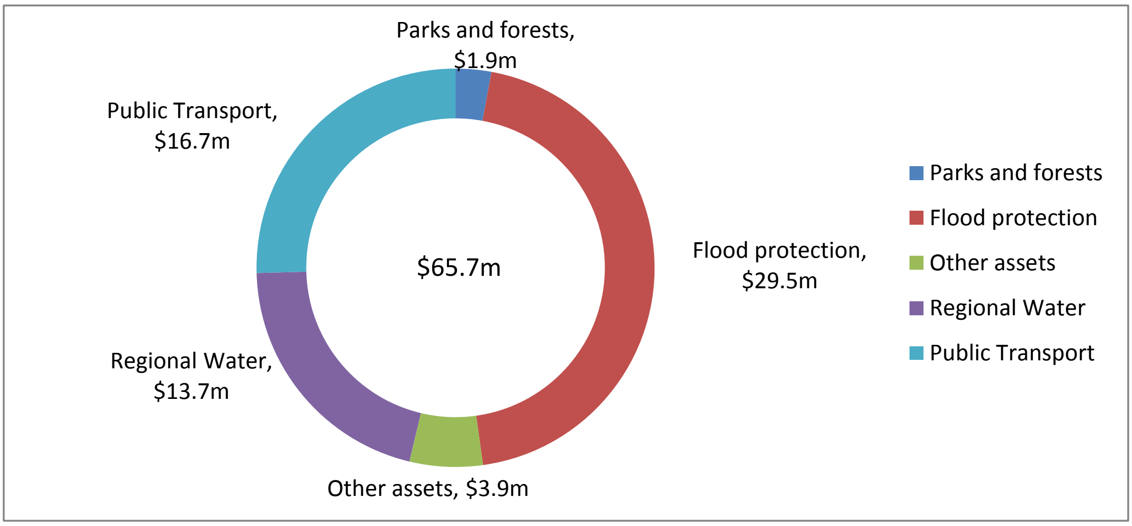
Financial Summary



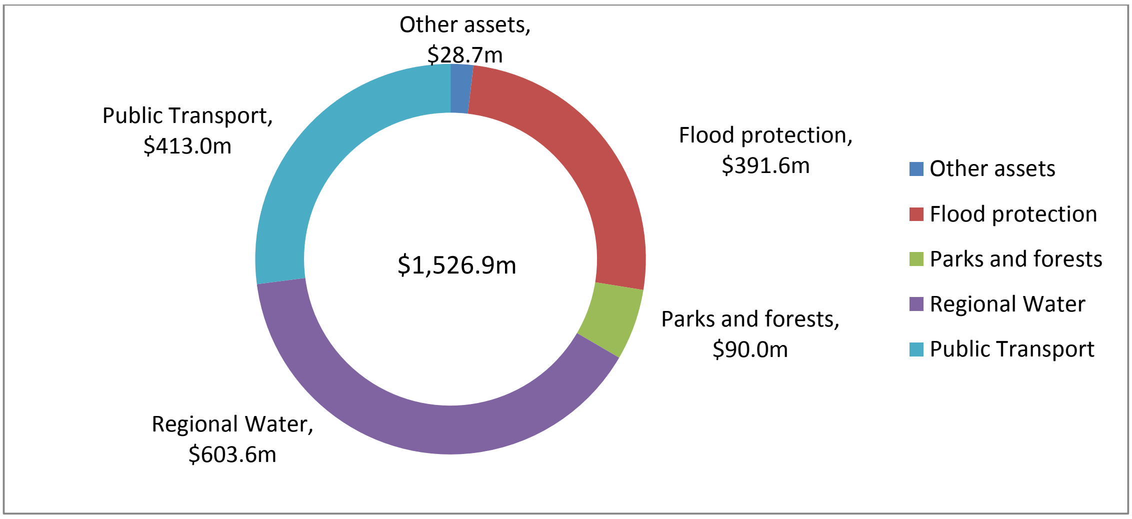
Greater Wellington's revenue is sourced primarily through rates and grants from central government. Other revenue sources include the water supply levy, fees, charges and investment income.



The above chart illustrates Greater Wellington's operational expenditure by strategic area outcomes.



Greater Wellington's capital expenditure highlights infrastructure investment in public transport, flood protection, water supply and parks and forests.



The above chart illustrates Greater Wellington's asset base comprising public transport, flood protection, water supply and parks and forests assets. Public transport includes $398.3m of rail rolling stock and railway station infrastructure owned by Greater Wellington Rail Limited, a Council subsidiary.

Putting a spotlight on some of the smaller things we do….

The following pages highlight some of Greater Wellington's hidden gems – work we do that often is not recognised.

Akura Nursery – enhancing our local environment, one seedling at a time

On more than 42 hectares near Masterton, a small number of dedicated Greater Wellington staff at Akura Nursery work through the coldest months to provide over 280,000 seedlings, and 345,000 poplar and willow trees and seedlings to the region. These plants prevent erosion, enhance soil quality, protect our waterways, increase the region's biodiversity and sequester harmful carbon emissions.

The nursery was developed 33 years ago primarily so we could grow our own poplar and willow trees. This was to meet the demand from our land management teams, who work with farmers across the region to ensure soil quality and hillside erosion is controlled by planned plantings. Developing our own nursery allowed us to create a highly managed system that meets our specific needs. The trees also play a critical role in our flood protection work and riparian planting projects.

Across the 42 hectares are hundreds of planted rows, which accommodate about 20 varieties of poplar and willow trees. The trees are pruned, harvested, and bundled by contractors to prepare them for distribution. Each variety of tree is grown for a specific environment – coastal plantings, swampy land or hillside farms. Both the Akura staff and the land management advisors work hard to ensure that they are providing the right plant for the right spot.

The staff who tend Akura are justifiably proud of what they have achieved in the nursery. In 2007 a retail section was added, selling more than 50 species of native plants propagated from seeds and eco-sourced from across the Wairarapa, alongside fertilizer, spades and other equipment. With the increasing number of lifestyle blocks in the area, the retail side is becoming increasingly popular and customers appreciate the staff's sound advice.

Since the introduction of the retail section, the Akura Nursery has become one of the only nurseries of its kind. It doesn't require any ratepayer funding to provide the willow, and poplar trees for the land management work undertaken across the region. All revenue from retail sales is put back into the nursery to upgrade equipment and fund day-to-day operations.

Akura Nursery is a one-stop shop where you can get the plants and advice to allow those plants to thrive and protect our biodiversity for the future.

Ramaroa – bringing our rich Māori, European and natural heritage to life

The rich Māori, European and natural heritage of Queen Elizabeth Park is on display with the opening of the award-winning Ramaroa Heritage Centre at Mackays Crossing. Ramaroa comprises a large meeting room capable of seating 60 people. This space can be booked by community groups and other organisations for their own activities or to learn more about the park.

The name Ramaroa is Māori in origin with 'rama' meaning light and 'roa' meaning long. Ramaroa can be interpreted as eternal flame or guiding light, projecting a radiance that invites and connects the community and visitors to the park. Naming the building Ramaroa reaffirms the significance of an ancestral connection for the local iwi and hapū, Ngāti Toa Rangatira, Ngāti Haumia and Te Ātiawa ki Whakarongotai.

In addition to providing a name, the iwi and hapū were involved every step of the way towards its establishment. They provided a cultural impact assessment, set up archaeological protocols for artefacts found during excavation and cultural monitoring during earthworks, blessed the site before commencement, designed the kowhaiwhai panels and whakairo (carving), and led the dawn opening ceremony. The project and building represent our partnership with mana whenua in action.

When designing Ramaroa, architect Ben Gilpin drew inspiration from the park's rich and diverse history, from its lengthy Māori heritage as well as US Marines occupation during World War Two. The building, which has been recognised with two 2018 Wellington/Wairarapa Architectural Design Awards, a 2018 NZ Signs Award and the Window Association of NZ Design Award 2018, reflects this heritage.

It refers both to the traditional Māori wharenui and the tent structures from the Marine camp. Two separate gable buildings are linked by a gullwing roof. Ramaroa's central support posts are adorned with a Manaia guardianship figure, showing kaitiakitanga for our people, flora and fauna – the taonga of Queen Elizabeth Park. The roof, tilted walls and large decks reference both a traditional Māori 'wharenui' and military style tents used by US Marines who once occupied this area.

Biosecurity - innovation and working with local communities are the way forward

Smothering, strangling, displacing, infecting, browsing, killing. There are many ways pest plants and animals can seriously threaten the health of our native and productive plants and animals and, as a consequencce, undermine our biodiversity and primary production. In the past year we've made great progress in using innovative methods, and exciting new equipment to improve our biodiversity through biosecurity measures.

In Te Ahumairangi Hill we're partnering with Wellington City Council to investigate the successful control of rat numbers without poison. This would not only save costs in servicing bait stations each year, but also would reduce the risk to other animals that aren't targets. The replacement bait of choice? Chocolate. Our biosecurity team has set up several self-setting traps with chocolate lures that are checked every three months.

The rodent numbers are being monitored by tracking tunnels – tubes with ink on the floor that show footprints. These are showing numbers remaining at low levels. The site also has chew cards with peanut butter smeared on them. These let us know what kind of pests are visiting by looking at bite marks left in the cards. They're being used at the Te Ahumairangi Hill to monitor possums, and so far none has been found thanks to the ongoing work around the rest of the town belt. The chew cards are used to great effect throughout the region to understand what pests we're dealing with.

Porirua Scenic Reserve is a beautiful example of lowland kohekohe podocarp and tawa podocarp forest that has been receiving a greater level of protection from our biosecurity staff. We're working with Porirua City Council to tackle several pests, including tradescantia, old man's beard, gorse, broom, possum, stoat, hedgehog, feral cat, rats, and stock that occasionally find a hole in the fence. A total of 214 bait stations control possums and rats, and 31 traps are for stoats, all checked every three months. Since our work started in 1995, there has been a significant increase in birds such as tui and grey warbler, and self-introductions of kakariki and bell bird.

There are other areas where we are starting to see fantastic results after many years of work to control pest animals. A great example is the rook programme. Rooks are large black birds with glossy feathers that are native to Great Britain and Europe. They like to eat crop seedlings. This often means entire paddocks have to be re-sown. From 1985 to 1994, the number of rooks increased tenfold in our region. Since 1992 we've been working hard to bring numbers back down, and in the past 10 years they have decreased across the region by 86% as a result.

Our fleet of vehicles has also been updated with new technology. Our new whisper-quiet electric farm bikes are perfect for night shooting of possum, rabbits and hares as the team can almost silently cover ground. The new e-bikes are also very lightweight and able to manoeuvre on tight tracks, so it's possible to cover a much larger area than bulky regular motorbikes. The e-bikes are also very environmentally friendly.

We are tackling these and many more biosecurity issues across the region by planning for the next 20 years with the proposed Regional Pest Management Plan 2019-2039. Submissions for the plan ended in July 2018. After public hearings late in 2018, the new plan is on track to be adopted in early 2019.

The Ruamāhanga Whaitua Committee – success through community engagement

The Ruamāhanga Whaitua Committee has worked with the community, scientists and leaders over the last four years studying the whaitua (water catchment area). The study is aimed at understanding whaitua characteristics, the pressures facing it, alongside the cultural, economic, and environmental values the community associate with its waterbodies, and management options appropriate to its unique waterways and communities.

The Whaitua committee members are appointed following a public submission period to form a group of local people tasked with recommending ways to maintain and improve the quality of our fresh water. The Ruamāhanga Whaitua Committee was established in December 2013, and is working to produce a Whaitua Implementation Programme (WIP). That programme will contain recommendations for the integrated management of land and water resources within the catchment and will be set out in GWRC's Natural Resources Plan.

During 2017/18, the committee finalised the full range of recommendations including acceptable limits of water usage for urban and rural users, these recommendations will go on to form their Whaitua Implementation Programme, which will be presented to Council in the first quarter of the next financial year. A Whaitua Implementation Programme describes the ways the community who live within the whaitua want to manage their water now and for future generations, through a range of integrated tools, policies and strategies.

When the recommendations from the Whaitua Implementation Programme are adopted these will be incorporated into our Natural Resources Plan.

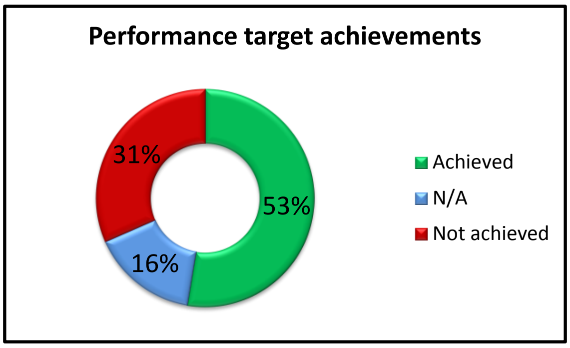
Getting to this stage has involved a truly connected community engagement effort. In April/May 2018, the Whaitua Committee went back to speak at community halls where they had met over the previous four years building the plan, to share with the community the draft recommendations. This was part of a long series of engagement sessions and knowledge gathering which had helped shape the Ruamāhanga Whaitua Implementation Programme.

The Ruamāhanga Whaitua Committee was the first committee to be established and reaching this point has shown us the benefits of this collaborative policy development and-the confidence, trust and belief the Committee expressed in front of their peers. The credit for producing such a powerful and challenging document goes to the community-led process and ultimately the people of Wairarapa for supporting the committee.

Regional leadership

Our Regional Leadership activities focus on the things that really matter to our communities - providing for economic growth and opportunity, resilient infrastructure, civil defence, a world-class transport network, and a beautiful and healthy environment.

What we did:

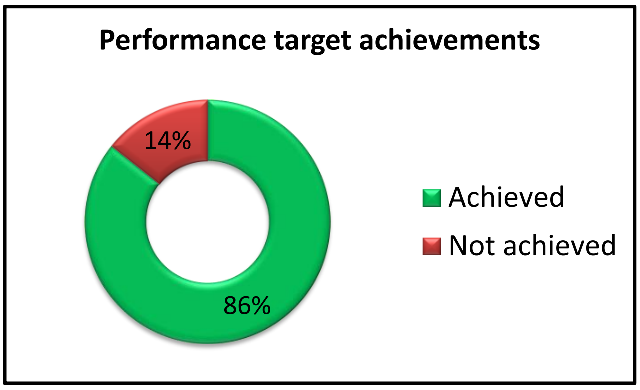


- Maori cultural heritage and values strongly reflected in the development of key strategic documents;
- Progressing the development of a Wellington Regional Investment Plan in partnership with other local agencies and central government;
- Completion of a review of the Regional Land Transport Plan which supports the funding decisions of central government for the region’s transport needs now and in the future, including Let’s Get Wellington Moving;
- Significant work by the Wellington Regional Emergency Management Office and partners to improve our response and resilience to emergency events in the region.

Public transport

Through our public transport network which includes the buses, trains and ferries we strive to seamlessly connect the communities across our region to the places where they live, work and play. As a region we have a culture of using public transport and we are committed to providing high quality public transport solutions that are accessible to all.

What we did:

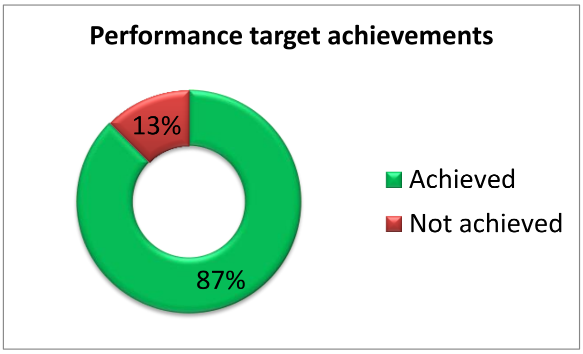


- Significant preparation for the roll-out of the new Metlink network transition.
- Integrated fares and ticketing to support the network roll-out using Snapper as an interim ticketing solution.
- A new fare structure was prepared for roll-out of the new network – 25% off-peak discount, 25% tertiary concession, 50% accessible concession and free bus transfers within a 30 minute window.
- Increased rail capacity on the Kapiti line.
- Additional park & ride facilities to cater for the ever growing number of commuters.
- Provided a subsidised taxi service for those members of the public unable to use buses or trains.

Water supply

Future proofing the region's bulk water supply to the four cities (Wellington, Hutt, Upper Hutt and Porirua) for the immediate future and for generations to come.

What we did:

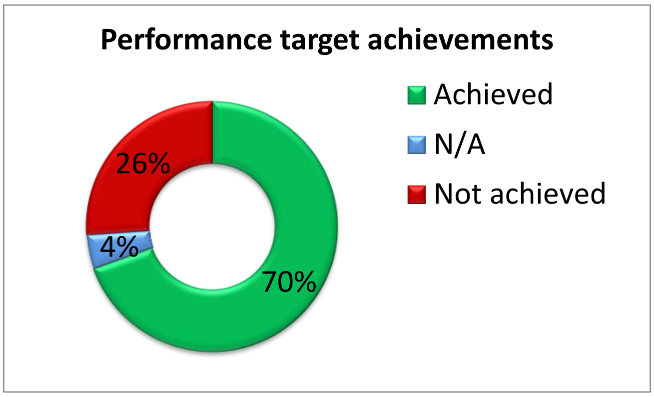


- Provided safe drinking water to the four cities.
- Undertook investigative work into options for an alternative water supply to Wellington – cross harbour pipeline or bores.
- The replacement value of the Water Supply assets increased to $1.151m, a 39% increase.
- Upgraded the Waterloo Water Treatment Plan to add ultraviolet (UV) light and chlorine disinfection to the treatment process in response to discovery of E. coli.

Environment

Greater Wellington is one of the entities who have a role in looking after our environment. We are a regulator and also a provider of services. We invest in environmental assets and services because they matter not only for the communities in our region but for all New Zealanders.

What we did:

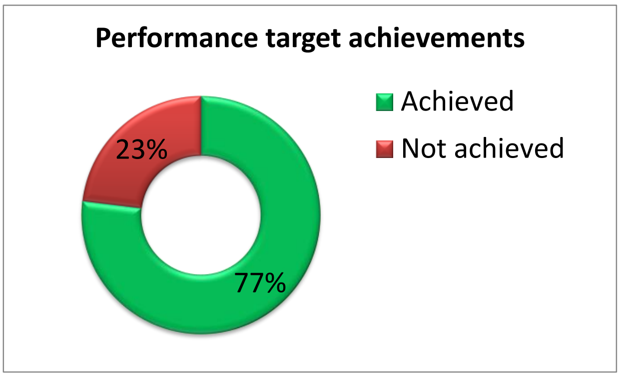


- Progressed the proposed Natural Resources Plan. The Plan is designed to integrate the Wellington Region's five existing regional plans – the Regional Coastal Plan, Regional Freshwater Plan, Regional Soil Plan, Regional Air Quality Management Plan and Regional Plan for Discharges to Land. Developed with others and through partnership with mana whenua, the proposed Plan recognises the relationship that Māori with ancestral claims to the region have with the region's natural and physical resources.
- We have worked with landowners to improve water quality and protect other sites of importance throughout the region, for example we worked with landowners to install fencing to exclude stock and planted poplar and willow poles to address issues of land erosion.
- Joined with Wellington City Council and the Next Foundation to be part of the Predator Free Wellington project.
- Continued to monitor air, water and soil quality in the region.

Flood Protection

Greater Wellington is responsible for managing flood risk from the region's rivers and streams. We develop floodplain management plans, provide a free advice and consultation service, maintain and build flood protection infrastructure, work with the community to improve the environment and recreational opportunities and provide flood warnings.

What we did:



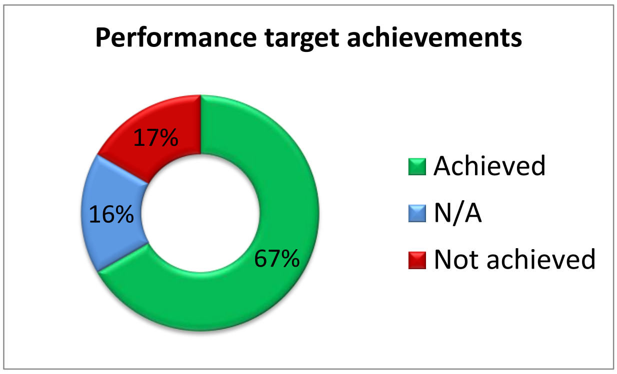
- The preliminary design was completed and approval given by Hutt City Council and Greater Wellington Regional Council to proceed to detailed design and consenting.
- A number of native planning projects were undertaken across the region working with Friends of the Rivers and Streams groups. These initiatives contribute to the environmental enhancement works under the Environmental Strategy Implementation outcomes.
- Some unplanned activity such as Pinehaven Reserve planting in support of Pinehaven School, an upgrade from the Chrystalls Bend stopbank in Otaki and ground surface improvements to the Jim Cooke Park stopbank.

Parks

Greater Wellington's regional parks are a place for everyone to explore, learn about our vast natural history and protect our biodiversity.

We manage nine parks and two water collection areas across the region, totalling over 50,000ha. Each one is a unique natural area: together they offer a huge range of recreational opportunities and experiences.

What we did:



- We went out to the community with *Everything is Connected*, a discussion document on the Parks Network Plan seeking community feedback to inform our next plan.
- We signed a long term lease for Riding for Disabled at Battle Hill Farm Forest Park.
- A new "bike skills" area at Stratton Street, Belmont Regional Park, was opened – proving very popular with children and adults alike.
- We continued to maintain and improve the facilities available to the public, which is especially important given the continued growth in visitors and campers to our regional parks.
- We opened Ramaroa, a brand new facility at Queen Elizabeth Park. Read the full story on page 13.

Our regional parks, forests and trails

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

Battle Hill Farm Forest Park: a working farm, wetlands and remnant forest plus a popular campground and site of one of the last battles between Māori and early colonial forces.

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

East Harbour Regional Park: sheltered valleys, sweeping bays, lighthouse and wetlands, includes Baring Head, Butterfly Creek and the freshwater Parangarahu Lakes.

Kaitoke Regional Park: Rata, rimu and beech shelter the Te Awa Kairangi/Hutt River gorge, with swimming holes, bushwalks, campsites, and the film setting for "Rivendell" in the Lord of the Rings.

Pakuratahi Forest: home to the Rimutaka Rail Trail over restored railway bridges and through historic tunnels. Extensive horse riding and mountain biking trails near the popular Tunnel Gully and Mt Climie.

Queen Elizabeth Park: 638 hectares edged by a sandy beach, pa sites, World War II US Marine Camps, tramways museum. Rare dune landscape, peat swamps and pastoral views.

Wainuiomata Recreation Area: peaceful and sheltered valley ideal for family outings, picnics, and easy walks. Site of the historic Lower Dam, one of the first water supply dams for Wellington city.

While not a regional park*,* **Whitireia Park** is jointly managed via a Park Board with Ngati Toa Rangatira and serviced by Greater Wellington. It has great views of Porirua Harbour and Mana Island, coastal cliffs, beaches and streams with swimming, snorkelling, rock climbing and golf.

As well as the parks we also have recreational river trails which the public are able to enjoy.

Hutt River Trail

The Hutt River Trail which starts at Hikoikoi Reserve on Petone's Marine Parade and stretches 29 kilometres along the eastern riverbank of Te Awa Kairanga/Hutt River. Throughout the journey you can explore two sites where *The Lord of the Rings* was filmed. During 2016/17 over 1 million visitors made use of the Hutt River Trail.

Waikanae River Trail

The Waikanae River flows from the western foothills of the Tararua Ranges about 50 km north of Wellington. The upper catchment covers 125 square kilometres of predominately regenerating native bush, mature forest and pasture. Around about 40 to 50 people per day use the river trail for cycling, walking, and dog walking. Other activities the river trail is used for include horse riding, running, fishing, and access to swimming sites.

Otaki River Trail

This 3.5 km walkway starts at the highway near Winstone's shingle crushing plant, and runs along the top of the stopbank to the estuary at the river mouth. Around 140 people per week use the trail for walking (often with children and dogs), cycling, fishing and horse riding.

Financial Statements

Summary statement of comprehensive revenue and expense for the year ended 30 June 2018	**Greater Wellington**			**Greater Wellington Group**	
	2018 Actual $000s	**2018 Budget $000s**	**2017 Actual $000s**	**2018 Actual $000s**	**2017 Actual $000s**
Operational revenue	297,507	294,414	283,046	374,074	349,465
Finance costs	(19,843)	(19,921)	(16,477)	(32,170)	(27,039)
Operational Expenditure	(291,739)	(291,516)	(277,937)	(382,360)	(359,652)
Operational surplus / (deficit) for the year before transport improvements	**(14,075)**	**(17,023)**	**(11,368)**	**(40,456)**	**(37,226)**
Transport Improvement Grants and subsidies	16,406	23,905	13,419	16,406	13,419
Transport improvement expenditure	(1,262)	-	(1,056)	(1,262)	(1,056)
Net revenue / (expenditure) for transport improvements	**15,144**	**23,905**	**12,363**	**15,144**	**12,363**
Surplus / (deficit) for the year before tax and fair value gains / (losses)	**1,069**	**6,882**	**995**	**(25,312)**	**(24,862)**
Share of Equity accounted investments surplus / (deficit)	-	-	-	23,081	(18,569)
Fair value gains / (losses) in profit and loss	(8,684)	9,250	17,918	(881)	28,248
Earthquake related items	-	-	-	19,359	87,325
Tax on continuing operations	-	-	-	1,254	(10,884)
Surplus / (deficit) after tax	(7,615)	16,132	18,913	17,501	61,258
Other comprehensive revenue and expense					
Increases / (decreases) in revaluations	195,041	54,655	67,107	195,041	13,045
Fair value movements in other comprehensive revenue and expense	-	-	-		
Total comprehensive revenue and expense for the year	**187,426**	**70,787**	**86,020**	**212,542**	**74,303**
Attributed to:					
Non controlling interest				203,742	73,778
Equity holders of the parent				8,800	525
Total comprehensive revenue and expense for the year	**187,426**	**70,787**	**86,020**	**212,542**	**74,303**

Summary statement of changes in equity for the year ended 30 June 2018	**Greater Wellington**			**Greater Wellington Group**	
	2018 Actual $000s	**2018 Budget $000s**	**2017 Actual $000s**	**2018 Actual $000s**	**2017 Actual $000s**
Equity - opening balance as at 1 July	919,986	880,067	833,966	1,175,160	1,101,023
Total comprehensive revenue and expense for the year	187,427	70,787	86,020	212,542	74,303
Dividend to non controlling interest	-	-	-	(462)	(162)
		-			
Closing equity at 30 June	**1,107,413**	**950,854**	**919,986**	**1,387,240**	**1,175,160**
Equity attributed to:					
Equity holders of the parent	1,107,413	950,854	919,986	1,333,129	1,129,389
Non controlling interests	-	-	-	54,111	45,771
Closing equity at 30 June	**1,107,413**	**950,854**	**919,986**	**1,387,240**	**1,175,160**

Summary statement of financial position	**Greater Wellington**			**Greater Wellington Group**	
As at 30 June 2018	**2018**	**2018**	**2017**	**2018**	**2017**
	Actual	**Budget**	**Actual**	**Actual**	**Actual**
	$000s	**$000s**	**$000s**	**$000s**	**$000s**
Current assets	119,341	73,633	85,254	191,537	157,295
Non-current assets	1,454,132	1,300,078	1,243,288	1,848,456	1,638,547
Total assets	**1,573,473**	**1,373,711**	**1,328,542**	**2,039,993**	**1,795,842**
Current liabilities	144,820	192,857	143,039	177,220	149,389
Non-current liabilities	321,241	230,000	265,517	475,532	471,293
Total liabilities	**466,061**	**422,857**	**408,556**	**652,752**	**620,682**
Net Assets	**1,107,412**	**950,854**	**919,986**	**1,387,241**	**1,175,160**
Equity attributed to:					
Equity holders of the parent	1,107,413	950,854	919,986	1,333,129	1,129,389
Non controlling interests	-	-	-	54,111	45,771
Total equity	**1,107,412**	**950,854**	**919,986**	**1,387,240**	**1,175,160**

Summary statement of cashflows	**Greater Wellington**			**Greater Wellington Group**	
for the year ended 30 June 2018	**2018**	**2018**	**2017**	**2018**	**2017**
	Actual	**Budget**	**Actual**	**Actual**	**Actual**
	$000s	**$000s**	**$000s**	**$000s**	**$000s**
Cashflows from operating activities	18,102	25,046	33,525	24,864	22,547
Cashflows from investing activities	(65,296)	(81,316)	(48,579)	(55,540)	27,759
Cashflows from financing activities	52,156	60,288	13,119	33,694	(53,013)
Net increase / (decrease) in cash, cash equivalents	**4,962**	**4,018**	**(1,935)**	**3,018**	**(2,707)**
Opening cash equivalents	346	17,300	2,281	567	3,274
Closing cash equivalents	**5,308**	**21,318**	**346**	**3,585**	**567**

The financial statements presented in this summary have been audited and have an unqualified audit opinion.

The Councils full financial statements have been prepared in accordance with PBE Standards.

Specific disclosures included in the summary financial statements have been extracted from the full financial statements. These financial statements contain no information that has been restated or reclassified.

The summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial statements.

The full financial statements can be obtained from the GWRC website.

Explanations to financial variances from budget

1. **Operational revenue**
   The operational revenue is higher mainly due to additional rail fare revenue, external contribution to National Ticketing Programme, interest revenue and a one-off earthquake insurance payout, partially offset by lower rates revenue and NZTA grants and subsidies.

2. **Operational expenditure and Finance costs**
   The operational expenditure and finance costs are in line with the budget.

3. **Transport improvements grants and subsidies**
   Transport improvements revenue is significantly lower than budget due to lower claimable costs for key transport programs and projects.

4. **Fair value**
   Fair value is significantly unfavourable to budget due to a decrease in the fair value of the swaps from declining market interest rates and write-down of the Wellington Regional Stadium Trust advance.

5. **Total assets**
   The total assets have increased mainly due to the revaluation of water supply and parks infrastructure, investments in water quality, Riverlink and key transport projects.

6. **Total liabilities**
   The total liabilities are higher due to an unfavorable fair value movement for derivative.

7. **Cash flow**
   Overall cash and cash equivalents are significantly lower than budget due to a lower opening cash position which reflects the change on investment portfolio to a longer term.

Refer to the annual report for the detailed explanations to financial variances from budget.

Earthquake Related Costs

A 7.8 magnitude earthquake struck in the early hours of 14 November 2016 in Kaikoura which has had a significant impact on CentrePort. The earthquake significantly damaged Port infrastructure and Port properties including the land on which the Port operates. The major Port operations impacted were the Container services and the Investment property portfolio held by the Port. Other Port services including logs, ferries, fuel, cruise and break bulk activities had substantially recovered immediately following the earthquake

The impact of the earthquake has been reflected in these financial statements with the information available to the date these financial statements are signed. The insurance claim process has commenced and engineering damage assessments are being completed. Extensive repairs are still to be commenced and this brings considerable uncertainty in relation to the final quantification of insurance claims. The Group is working closely with independent advisors and the insurers assessors to progress the claim.

The Group has separate insurance policies for CentrePort and CentrePort Properties Limited. The Group received $100m of progress payments in 2018 for claims on these policies of which $60m related to CentrePort and $40m related to entrePort Properties Limited.

CentrePort has a total insured value (in relation to port infrastructure) of $600m for both Material Damage and Business Interruption combined. The Business Interruption covers a 36 month indemnity period. Insurance progress payments of $60m were received by CentrePort in the year ended 30 June 2018 (2017: $100m) bringing total progress payments received to 30 June 2018 to $160m. These payments are applied to business interruption (loss of rents and temporary works) in the first instance and secondly to material damage.

CentrePort Properties Limited, including its associate entities (SPVs') has a total insured value of their property portfolio of $276.8m including loss of rents (of up to $49.8m). The indemnity period is 36 months.

CentrePort Properties Limited is managing the insurance claim for each of the SPVs and is responsible for distribution of non-specific progress payments received to date. CentrePort Properties Limited allocates progress payments to each SPV based on the current assessment of the claim as advised by the insurers assessor.

CentrePort Properties Limited received a progress payment of $40m in the year ended 30 June 2018 (2017: $10m) bringing total progress payments received to date to $50m. An allocation totalling $41.0m (2017: $7.2m) has been made to the SPVs.

Events occurring after the balance date

No dividend was declared post balance date by WRC Holdings (2017: Nil).

Subsequent to balance date, CentrePort received a non-specific insurance advance of $50m and CentrePort Properties Group received a non-specific insurance advance of $50m, of which $3.6m has been allocated to Harbour Quays A1Limited and $46.3m to Harbour Quays F1F2 Limited.

Subsequent to balance date, CentrePort Properties Ltd and the insurers have agreed terms for a final settlement of the insurance claim for CentrePort Properties Ltd, Harbour Quays A1 Ltd, Harbour Quays D4 Ltd and Harbour Quays F1F2 Ltd. At the date of signing, the final settlement documentation has not been finalised.

Financials statements will be authorised for issue by Council on 31 October 2018.

There were no other subsequent events up to the date of these financial statements which would affect the amounts or disclosures in the financial statements.

Audit Report

greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

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October 2018
GW/CP

Attachment 3 to Report 18.482
Page 1 of 5

1. Area of Benefit Reserves									
Public Transport Rate Reserve	14,463,354					2,346,455	4,156,140	1,809,685	B1
Sustainable Transport Department Reserve	735,184					131,145	168,756	37,611	B2
Transport Planning Reserve	199,748					40,271		(40,271)	B3
Transport Data & Analysis Reserve	25,156					(12,730)	218,730	231,460	B4
Wai Bovine TB Rate - Bov TB	255,061								
Possum Predator Rate Reserve	128,346					1,254	30,000	28,746	B5
Wai Rating Schemes-Catchment Awhea	62,031	1,599	4,600	(3,001)	A1				
Wai Rating Schemes-Catchment Whareama	98,433	9,330	9,932	(602)	A2				
Wai Rating Schemes-Catchment Homewood	19,572	(2,477)	2,432	(4,909)	A3				
Wai Rating Schemes-Catchment Mataikona	51,073	1,969	1,925	44	A4				
Wai Rating Schemes-Catchment Maungaraki	21,765	2,169	1,286	883	A5				
Wai Rating Schemes-Catchment Kaiwhata	62,215	313	3,920	(3,607)	A6				
Wai Rating Schemes-Drainage	1,076,016	132,359	(24,154)	156,513	A7				
Wai Shingle Royalty	248,999	67,945		67,945	A8				
Wai Rating Schemes-River LWVD-Opex	3,153,042	320,734	259,886	60,848	A9				
Wai Rating Schemes-River LWVD - Capex	(1,188,127)								
Wai Rating Schemes-River LWVD-Opex	1,964,915	320,734	259,886	60,848		315,218	315,218		
Wai Rating Schemes-River Waiohine-Opex	785,308	20,678	18,202	2,476	A10				
Wai Rating Schemes - Gladstone	75,759					1,622	6,725	5,103	B6
Wai Rating Schemes-River Waipoua	226,015	36,778	7,001	29,777	A11				
Wai Rating Schemes-River Waingawa	172,263	11,122	5,247	5,875	A12				
Wai Rating Schemes-River Lower Taueru	6,458					953	1,369	416	B7
Wai Rating Schemes-River Lower Whangaehu	9,395	558	198	360	A13				
Wai Rating Schemes-River Upper Mangatarere	37,630								
Wai Rating Schemes- Te Ore Ore	336,130	15,881	9,046	6,835	A14				
Wai Rating Schemes - Mt Bruce	80,463	3,776	(14,004)	17,780	A15				
Wai Rating Schemes - Kopuaranga	(14,609)	17,478	16,107	1,371	A16				
Wai Rating Schemes-River Waiohine - Capex	(99,951)					57,281	57,281		
Wairarapa Workshop	59,662	7,172		7,172	A17				
Wremo Reserve									
WREMO Reserve (TA contributions)	81,904					84,544	75,000	(9,544)	B8
Biodiversity Key Native Eco System Reserve	367,191	58,679	40,000	18,679	A18				
Wairarapa Moana Ministry for the Environment Reserve	163,147								
Iwi Projects Reserve	353,339	114,000		114,000	A19				
LTP Reserve (finance audit)	169,033						160,000	160,000	B9
Annual Plan & LTP Costs	240,943						160,000	160,000	B10
Forestry Infrastucture Reserve	714,401					27,750	(112,940)	(140,690)	B11
Regional Parks Reserve	407,121					189,257	200,000	10,743	B12
Harbours Vehicle Replacement									
Science equipment upgrade									
Regional Parks Infrastructure Assets Reserve									
Akura Nursery Reserve									
Akura Reserve Stage 2 (interest free)									
Bioworks	821,496					195,213	185,000	(10,213)	B13
Wairarapa Wetlands									
River Rate Reserve									
River Rate Reserve-Hutt City	672,404	(161,976)	135,000	(296,976)	A20				
River Rate Reserve-Kapiti Coast	673,480					82,471		(82,471)	B14
River Rate Reserve-Porirua City	139,459	3,518		3,518	A21				
River Rate Reserve-Upper Hutt City	956,121	48,504	15,000	33,504	A22				
River Rate Reserve-Wellington City	225,807	4,928		4,928	A23				

2. Contingency Reserves									
Resource Investigations	113,868								
Wairapa Planning	117,495								
Wellington	2,531,837	200,000	200,000						
Plantation Forestry	73,742								
3. Special Reserves									
Election Reserve	256,847		90,000	(90,000)	A24				
IT Operations Capex Reserve			404,745	(404,745)	A25				
Treasury and Planning Systems Reserve									
IT Operations Capex Reserve	2,308,772						1,343,800	1,343,800	B15
Wgtn Regional Strategy - Office	1,186,935	298,741	(26,321)	325,062	A26				
WRS Reserve	94,691					42,335	143,017	100,683	B16
2016 Earthquake Insurance Proceeds	562,000	562,000		562,000	A27				
Rebudget 17/18:Battle Hill - Ranger maintenance						30,000	30,000		
Rebudget 17/18:Terrestrial ecology outcome monitoring change of project timing						96,000	96,000		
Rebudget 17/18:River Water Quality & Ecology						30,000	30,000		
Rebudget 17/18:Catchment monit - Ruamahanga						35,500	35,500		
Rebudget 17/18:Regional Hazard Management Strategy						34,000	34,000		
Rebudget 17/18:GW EMO						35,000	35,000		
Rebudget 17/18:PH Biodiversity Management						40,000	40,000		
Rebudget 17/18:LM - Riparian Management WBS						600,000	600,000		
Rebudget 17/18:Bio Plants Admin						50,000	50,000		
Rebudget 17/18:Parks Policy wbs						60,000	60,000		
Rebudget 17/18:RLTP						50,000	50,000		
Rebudget 17/18:Programme Business Cases						150,000	150,000		
Rebudget 17/18:Te Marua BAC Filter						76,529	76,529		
Rebudget 17/18:Belmont - Asset Mngt. - Capex						7,576	7,576		
Rebudget 17/18:Belmont - Asset Mngt. - Capex 2						5,404	5,404		
Rebudget 17/18:QEP - Asset Mngt. - Capex						54,225	54,225		
Rebudget 17/18:EH Tracks remetalling						3,282	3,282		
Rebudget 17/18:Pencarrow upgrade (dredging dependant)						8,425	8,425		
Rebudget 17/18:Harbours diving platform						5,462	5,462		
Rebudget 17/18:Hinds point light						1,706	1,706		
Rebudget 17/18:Collaborative Modelling Project (capex)						28,274	28,274		
Rebudget 17/18:Resource consent project						23,730	23,730		
Rebudget 17/18:Lower Waitohu Improvements						7,582	7,582		
Rebudget 17/18:LWVD River Scheme Capex						25,442	25,442		
Rebudget 17/18:Te Kauru capex						21,061	21,061		
Rebudget 17/18:Pinehaven Stream Improvements						10,531	10,531		
Rebudget 17/18:Hutt Environmental strategy implementation						2,106	2,106		

Rebudget 17/18:City Centre Upgrade					189,552	189,552
Rebudget 17/18:Transport Model CAPEX.					15,979	15,979
Rebudget 17/18:IT Capex - SAP (Hardware & Software)					291,329	291,329
Rebudget 17/18:CAPEX - MS Office					1,023	1,023
Rebudget 17/18:IT Capex - GIS (aerial photography)					32,520	32,520
Rebudget 17/18:IT Capex - CRM					12,694	12,694
Rebudget 17/18:IT Capex - SaaS implementations					6,347	6,347
Rebudget 17/18:CAPEX - Perfornance Indicator Reporting Layer					6,347	6,347
Rebudget 17/18:Belmont - Asset Mngt. - Capex Stoney Mills					12,440	12,440
Rebudget 17/18:Depot Shunt Crab - LTP					2,639	2,639
Rebudget 17/18:Matangi - Heavy Maint/Overhauls					106,478	106,478
Rebudget 17/18:SW & SE Cars - Heavy Maint/Overhauls					77,643	77,643
Rebudget 17/18:M1 Retrofit - Contingency					91,494	91,494
Rebudget 17/18:Matangi 2 Driver Simulator					42,123	42,123
Rebudget 17/18:Matangi 2 Contingency.					15,887	15,887
Rebudget 17/18:Park and Ride Development					12,856	12,856
Rebudget 17/18:Capex Interim Bus Ticketing Solution					32,613	32,613
Rebudget 18/19:Parks Policy	70,000	70,000	70,000	A28		
Rebudget 18/19:LM - Riparian Management	527,500	527,500	527,500	A29		
Rebudget 18/19:Terrestrial ecology outcome monitoring project start timing	36,121	36,121	36,121	A30		
Rebudget 18/19:Infra Studies/Investigation	19,600	19,600	19,600	A31		
Rebudget 18/19:Trolley Bus - OH Decommisssioning	141,705	141,705	141,705	A32		
Rebudget 18/19:Fares and Ticketing Establishment Admin	87,399	87,399	87,399	A33		
Rebudget 18/19:Fares and Ticketing Establishment Other	118,262	118,262	118,262	A34		
Rebudget 18/19:Fares and Ticketing Establishment Admin (b)	178,366	178,366	178,366	A35		
Rebudget 18/19:Masterton Building Strengthening - Capex	11,145	11,145	11,145	A36		
Rebudget 18/19:PC's - Capex	67,437	67,437	67,437	A37		
Rebudget 18/19:IT Capex - SAP (Hardware & Software)	157,400	157,400	157,400	A38		
Rebudget 18/19:Transport Model CAPEX.	44,534	44,534	44,534	A39		
Rebudget 18/19:Resource consent project	13,719	13,719	13,719	A40		
Rebudget 18/19:Te Kauru FMP development	2,541	2,541	2,541	A41		
Rebudget 18/19:Waiohine rive scheme capex	15,103	15,103	15,103	A42		
Rebudget 18/19:Te Kauru capex	18,879	18,879	18,879	A43		
Rebudget 18/19:Pinehaven Stream Improvements	18,124	18,124	18,124	A44		
Rebudget 18/19:Manor Park river and stopbank works	7,136	7,136	7,136	A45		
Rebudget 18/19:Hutt Environmental strategy implementation	4,908	4,908	4,908	A46		
Rebudget 18/19:LWVD River Scheme Capex	30,206	30,206	30,206	A47		

Attachment 3 to Report 18.482
Page 4 of 5

Rebudget 18/19:Whaka Stream Project	6,796	6,796		6,796	A48				
Rebudget 18/19:Ebdentown rocklining	13,404	13,404		13,404	A49				
Rebudget 18/19:Harbours diving platform	5,487	5,487		5,487	A50				
Rebudget 18/19:Akatarawa - Asset Mngt. - Capex	1,699	1,699		1,699	A51				
Rebudget 18/19:Battle Hill - Asset Mngt. - Capex	4,246	4,246		4,246	A52				
Rebudget 18/19:Belmont - Asset Mngt. - Capex	5,096	5,096		5,096	A53				
Rebudget 18/19:QEP - Asset Mngt. - Capex (QEP LTP Heritage Precinct)	21,147	21,147		21,147	A54				
Rebudget 18/19:EH Baring Head Bridges	24,923	24,923		24,923	A55				
Rebudget 18/19:Asset Management Capex - Fences	4,544	4,544		4,544	A56				
Rebudget 18/19:Chemical Tanks Replacement	9,404	9,404		9,404	A57				
Rebudget 18/19:Capex - Bus Stop Facilities New	11,762	11,762		11,762	A58				
Rebudget 18/19:Capex - Bus Stop Facilities Renewals	3,361	3,361		3,361	A59				
Rebudget 18/19:Capex - Customer Information Systems.	5,611	5,611		5,611	A60				
Rebudget 18/19:Matangi 2 Driver Simulator	28,462	28,462		28,462	A61				
Rebudget 18/19:Park and Ride Development	34,534	34,534		34,534	A62				
Rebudget 18/19:SW & SE Cars - Heavy Maint/Overhauls	24,780	24,780		24,780	A63				
Rebudget 18/19:Matangi - Heavy Maint/Overhauls	261,709	261,709		261,709	A64				
Rebudget 18/19:Rail Rolling Stock Minor Improvements	14,340	14,340		14,340	A65				
Rebudget 18/19:Capex Interim Bus Ticketing Solution	25,666	25,666		25,666	A66				
TOTAL DEPARTMENT RESERVES	**36,395,474**	**4,173,564**	**1,419,934**	**2,753,634**		6,033,838	9,638,895	**3,605,058**	

Explanation of Unbudgeted Reserve Movements

A1 Additional maintenance expenditure on Catchment Awhea scheme
A2 Additional maintenance expenditure on Catchment Whareama scheme
A3 Additional maintenance expenditure on Catchment Homewood scheme
A4 Funding surplus for the year transferred to the Catchment Mataikona scheme
A5 Funding surplus for the year transferred to the Catchment Maungaraki scheme
A6 Additional maintenance expenditure on Catchment Kaiwhata scheme
A7 Funding surplus for the year transferred to Drainage schemes
A8 Funding surplus for the year transferred to the Shingle Reserve
A9 Funding surplus for the year transferred to the River LWVD-Opex scheme
A10 Funding surplus for the year transferred to the River Waiohine-Opex scheme
A11 Funding surplus for the year transferred to the River Waipoua scheme
A12 Funding surplus for the year transferred to the River Waingawa scheme
A13 Funding surplus for the year transferred to the River Lower Whangaehu scheme
A14 Funding surplus for the year transferred to the Te Ore Ore scheme
A15 Funding surplus for the year transferred to the Mt Bruce scheme
A16 Funding surplus for the year transferred to the Kopuaranga scheme
A17 Funding surplus for the year transferred to the Wairarapa Workshop reserve
A18 Funding surplus for the year transferred to the Biodiversity Key Native Eco System Reserve
A19 Funding surplus for the year transferred to the Iwi Projects Reserve
A20 Additional operating expenditure transferred from the Hutt City Rate Reserve
A21 Funding surplus for the year transferred to the Porirua City Rate Reserve
A22 Funding surplus for the year transferred to the Upper Hutt City Rate Reserve
A23 Funding surplus for the year transferred to the Upper Wellington City Rate Reserve
A24 Election Reserve for Election 19/20 year
A25 Rebudget - Change in ICT Capital Plan
A26 Rebudget - Contractor Vacancies and delay in special projects
A27 Rebudget - Operational savings retained for future Council Elections
A28 Rebudget - Funding surplus for the year retained for future WRS expenditure
A29 Rebudget LM - Riparian Management
A30 Rebudget - Terrestrial ecology outcome monitoring change of project timing
A31 Rebudget - Bus stop rationalisation delayed he project will start in 2018/19
A32 Rebudget - Overhead wire decommissioning is debt funded. This is the opex portion.
A33 Rebudget - Fares and Ticketing Establishment
A34 Rebudget - Fares and Ticketing Establishment
A35 Rebudget - Fares and Ticketing Establishment
A36 Rebudget - Masterton Building
A37 Rebudget - Change in priorities as per ICT Capital Plan
A38 Rebudget - Change in priorities as per ICT Capital Plan
A39 Rebudget - Delayed expenditure due to re-allocation of resources
A40 Rebudget - Resource consent project
A41 Rebudget - Te Kauru FMP development
A42 Rebudget - Waiohine rive scheme capex
A43 Rebudget - Te Kauru implementation
A44 Rebudget - Pinehaven Stream Improvements
A45 Rebudget - Manor Park river and stopbank works
A46 Rebudget - Hutt Environmental strategy implementation
A47 Rebudget - LWVD River Scheme Capex
A48 Rebudget - Whaka Stream Project
A49 Rebudget - Ebdentown rocklining
A50 Rebudget - Harbours - Mana diving platform
A51 Rebudget - Akatarawa replace vehicle bridge with culvert crossing
A52 Rebudget - Battle Hill Summit walking track upgrade
A53 Rebudget - Belmont track construction and signage
A54 Rebudget - QEP Heritage Precinct and track upgrade
A55 Rebudget - Baring Head Bridge upgrade
A56 Rebudget - Ebdentown rocklining
A57 Rebudget - Chemical tanks
A58 Rebudget - Planned installations of new faciliaties
A59 Rebudget - Planned renewals of new faciliaties
A60 Rebudget - Website & RTI
A61 Rebudget - Matangi 2 driver simulator
A62 Rebudget - Paremata & Porirua - Park & Ride developments
A63 Rebudget - SW & SE carriage heavy maintenance
A64 Rebudget - Matangi heavy maintenance
A65 Rebudget - Rail Rolling Stock Minor Improvements
A66 Rebudget - IBTS
B1 Reserve transfer out of capex was lower than budget due to timing
B2 Funding surplus for the year transferred to Sustainable Transport Reserve
B3 Delayed expenditure due to re-allocation of resources
B4 Delayed expenditure due to re-allocation of resources
B5 Funding surplus transferred to the Possum Predator Rate Reserve
B6 Funding surplus for the year transferred to the Gladstone scheme
B7 Funding surplus for the year transferred to the River Lower Taueru scheme
B8 Additional expenditure transferred from WREMO Reserve
B9 Reserve for LTP implemented in 19/20
B10 Annual Plan & LTP implemented in 19/20
B11 Delay of disposal of surplus property at Stoney Creek to the Forestry Infrastructure Reserve
B12 Reduced capital expenditure transfer from the Regional Parks Reserve (NZTA)
B13 Additional expenditure transferred from Bioworks Reserve
B14 Additional maintenance expenditure from Kapiti District Council Rate Reserve
B15 Rebudget - change in priorities as per ICT Capital Plan
B16 Delay in project timings

greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

Report	**18.464**
Date	23 October 2018
File	CCAB-8-1904
Committee	**Council**
Author	**Cr Barbara Donaldson, Chair, Representation Review 2018 Hearing Committee**

Final representation proposal for 2019 triennial elections

1. Purpose

For Council to adopt its final representation proposal for the 2019 triennial elections.

2. Background

2.1 Initial proposal

On 16 August 2018 the Council resolved its initial proposal for the 2019 triennial elections.

The initial representation proposal provided for the Council comprising 13 members elected from six constituencies, as follows:

Constituency	***Number of members***	***Community of interest represented by the constituency***	***Population per Councillor*** *(Average: 39,531)* *(+/-10% range from the average: 35,578 to 43,484)*
Pōneke/Wellington	*5*	*The area of Wellington City, excluding the area of the Tawa Community*	*39,500*
Porirua-Tawa	*2*	*The area of Porirua City, and the area of the Tawa Community of Wellington City*	*35,650*

Kāpiti	*1*	*The area of the Kapiti Coast District*	*52,700*
Te Awa Kairangi ki Tai/Lower Hutt	*3*	*The area of Lower Hutt City*	*34,900*
Te Awa Kairangi ki Uta/Upper Hutt	*1*	*The area of Upper Hutt City*	*43,200*
Wairarapa	*1*	*The area of South Wairarapa District, Carterton District and Masterton District, and that part of Tararua District that falls within the Wellington Region*	*44,500*

2.2 Consideration of submissions

The Council's initial proposal was publicly notified on Friday, 24 August 2018. The opportunity for submissions was also featured on the home page of GWRC's website during the submission period. Submissions closed on 26 September 2018. Five submissions were received.

The Representation Review Hearing Committee (the Committee) met on 18 October 2018 to consider the submissions. The Committee heard from three submitters.

After considering all the submissions received, the Committee resolved the following recommendations for consideration by Council:

That the Committee:

1. *Receives the report.*

2. *Notes the content of the report.*

3. *Considers the information in this report and attachments in determining its findings and recommendations to Council.*

4. *Recommends that the Council adopts the reasons for the acceptance or rejection of submissions, as set out in the table below:*

Issue	***Reason for acceptance or rejection of submission***
That the Tawa area should be included in the Wellington Constituency, providing the Wellington Constituency with a sixth Councillor.	*Rejected. The Tawa area shares a common regional community of interest with Porirua; splitting the Porirua-Tawa Constituency would not provide effective representation for the Porirua-Tawa area. Also, a six member Wellington Constituency for a Council with a total of 13 Councillors would not provide fair representation for the electors of the Wellington Constituency.*
That Councillors should be elected at large.	*Rejected. Under the Local Electoral Act 2001 a region must be divided into constituencies for electoral purposes.*
That the Council should comprise 11 Councillors: Wellington/Porirua – 6, Kapiti – 1, Hutt Valley – 3, Wairarapa – 1.	*Rejected. This proposal would not provide effective representation for Wellington Region's distinct communities of interest. Also, it would not provide fair representation for the electors of the Kapiti Constituency.*
That the Council should comprise 14 members, with Tawa included in the Wellington Constituency (total six Councillors), and the Porirua and Kapiti areas combined into a single constituency electing three Councillors.	*Rejected. The Tawa area shares a common regional community of interest with Porirua; splitting the Porirua-Tawa Constituency would not provide effective representation for the Porirua-Tawa area. This proposal would not provide effective representation for the distinct Porirua and Kāpiti Coast regional communities of interest. Also, it would not provide fair representation for the electors of the Upper Hutt and Wairarapa constituencies.*
That the Kāpiti Coast Constituency should elect two Councillors.	*Rejected. This proposal would not provide for fair representation of the electors of the Kāpiti Coast Constituency.*

That the proposed Kāpiti Constituency should be renamed as "Kāpiti Coast Constituency".	*Accepted. "Kāpiti Coast" is acknowledged as the commonly known identifier for this regional community of interest.*
That the Council should comprise 14 members, with two members elected from the Wairarapa Constituency.	*Rejected. This proposal would not provide for fair representation of the electors of the Wairarapa Constituency.*
That the level of delegation to the Wairarapa Committee should be increased.	*Rejected. This matter is out of scope of the representation review.*

5. *Recommends that the Council confirms its initial proposal as its final representation proposal for the 2019 elections, subject to the name of the proposed Kāpiti Constituency being changed to "Kāpiti Coast Constituency".*

3. Comment

The Council is now required to consider the recommendations of the Committee and resolve its final representation proposal for the 2019 triennial elections.

The Council needs to be aware that any amendments made to the Council's initial representation proposal must be based on the matters raised in submissions. Both the Local Electoral Act 2001 and the Local Government Commission's guidelines for representation reviews provide that a council must be able to demonstrate that:

- It has considered all the submissions received on its initial proposal by providing reasons or the acceptance and rejection of proposals; and
- Its final proposal is made in light of the submissions received on the Council's initial proposal.

4. Next steps

Once the Council resolves its final proposal the Local Electoral Act 2001 provides that the final proposal must be publicly notified by 7 November 2018 and that copies be provided to the Local Government Commission, Surveyor-General, Government Statistician, Remuneration Authority and all territorial authorities in the Wellington Region. The public notice must set out Council's final proposal, any amendments made to the initial proposal, and the right to appeal and/or object to the final proposal. The public notice will provide one month for the receipt of appeals and/or objections.

Any appeals and/or objections received will be referred to the Local Government Commission, which will then determine the Council's representation arrangements for the 2019 triennial elections. Regardless of whether any appeals and/or objections are received, the Council's final proposal must be referred to the Local Government Commission for determination if the proposal does not comply with the +/- 10% rule for fair determination set out in section 19V of the Local Electoral Act 2001.

5. Communication

In addition to the public notification requirements referred to above each submitter will be provided with a copy of the public notice of the Council's final proposal and informed of their right to appeal and/or object.

6. Consideration of climate change

The matters addressed in this report are of a procedural nature, and there is no need to conduct a climate change assessment.

7. The decision-making process and significance

Officers recognise that the matters referenced in this report may have a high degree of importance to affected or interested parties.

7.1 Significance of the decision

The subject matter of this report is part of a decision-making process that will lead to the Council making a decision of low significance within the meaning of the Local Government Act 2002.

The decision-making process is explicitly prescribed for the LEA, which provides that the Council's initial representation proposal shall be subject to public consultation, and that the Council must consider the matters that were raised in the consultation, in resolving its final proposal.

7.2 Engagement

Engagement with regard to the Council's final proposal will be undertaken in accordance with the process set out in the Local Electoral Act 2001.

8. Recommendations

That the Council:

1. ***Receives** the report.*
2. ***Notes** the content of the report.*
3. ***Adopts** the reasons for the acceptance or rejection of submissions, as set out in the table below:*

Issue	***Reason for acceptance or rejection of submission***
That the Tawa area should be included in the Wellington Constituency, providing the Wellington Constituency with a sixth Councillor.	*Rejected. The Tawa area shares a common regional community of interest with Porirua; splitting the Porirua-Tawa Constituency would not provide effective representation for the Porirua-Tawa area. Also, a six member Wellington Constituency for a Council with a total of 13 Councillors would not provide fair representation for the electors of the Wellington Constituency.*
That Councillors should be elected at large.	*Rejected. Under the Local Electoral Act 2001 a region must be divided into constituencies for electoral purposes.*
That the Council should comprise 11 Councillors: Wellington/Porirua – 6, Kapiti – 1, Hutt Valley – 3, Wairarapa – 1.	*Rejected. This proposal would not provide effective representation for the Wellington Region's distinct communities of interest. Also, it would not provide fair representation for the electors of the Kapiti Constituency.*
That the Council should comprise 14 members, with Tawa included in the Wellington Constituency (total six Councillors), and the Porirua and Kapiti areas combined into a single constituency electing three Councillors.	*Rejected. The Tawa area shares a common regional community of interest with Porirua; splitting the Porirua-Tawa Constituency would not provide effective representation for the Porirua-Tawa area. This proposal would not provide effective representation for the distinct Porirua and Kāpiti Coast regional communities of interest. Also, it would not provide fair representation for the electors of the Upper Hutt and Wairarapa constituencies.*
That the Kāpiti Coast Constituency should elect two Councillors.	*Rejected. This proposal would not provide for fair representation of the electors of the Kāpiti Coast Constituency.*

That the proposed Kāpiti Constituency should be renamed as "Kāpiti Coast Constituency".	*Accepted. "Kāpiti Coast" is acknowledged as the commonly known identifier for this regional community of interest.*
That the Council should comprise 14 members, with two members elected from the Wairarapa Constituency.	*Rejected. This proposal would not provide for fair representation of the electors of the Wairarapa Constituency.*
That the level of delegation to the Wairarapa Committee should be increased.	*Rejected. This matter is out of scope of the representation review.*

4. ***Confirms*** *its initial proposal as its final representation proposal for the 2019 elections, subject to the name of the proposed Kāpiti Constituency being changed to "Kāpiti Coast Constituency".*

5. ***Adopts*** *the final representation proposal for the 2019 triennial elections, providing for a Council of 13 members elected from six constituencies as follows:*

Constituency	***Number of members***	***Community of interest represented by the constituency***	***Population per Councillor*** *(Average: 39,531)* *(+/-10% range from the average: 35,578 to 43,484)*
Pōneke/Wellington	*5*	*The area of Wellington City, excluding the area of the Tawa Community*	*39,500*
Porirua-Tawa	*2*	*The area of Porirua City, and the area of the Tawa Community of Wellington City*	*35,650*
Kāpiti Coast	*1*	*The area of the Kapiti Coast District*	*52,700*
Te Awa Kairangi ki Tai/Lower Hutt	*3*	*The area of Lower Hutt City*	*34,900*
Te Awa Kairangi ki Uta/Upper Hutt	*1*	*The area of Upper Hutt City*	*43,200*

Wairarapa	*1*	*The area of South Wairarapa District, Carterton District and Masterton District, and that part of Tararua District that falls within the Wellington Region*	*44,500*

Cr Barbara Donaldson
Chair, Representation Review 2018 Hearing Committee

greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

Report	**18.460**
Date	16 October 2018
File	CCAB-8-1900
Committee	**Council**
Author	**Alex Kirkwood, Democratic Services Advisor**

Appointment of Electoral Officer

1. Purpose

For the Council to appoint a new Electoral Officer.

2. Background

Section 12 of the Local Electoral Act 2001 (the LEA) requires every local authority to have, at all times, an Electoral Officer appointed by the local authority. The Electoral Officer is appointed by Council to exercise the powers and carry out the duties set out in legislation. The Electoral Officer, unless he or she dies, resigns, is dismissed from office, or becomes incapable of acting, remains in office until his or her successor comes into office. The Council can choose to replace its Electoral Officer at any time.

The role of Electoral Officer is independent of Wellington Regional Council in that neither the Chief Executive nor the Council can direct the Electoral Officer in undertaking his or her role, other than under sections 8(1) and 9(1) of the LEA, which enable Council to direct the Electoral Officer to conduct an election or referendum that is not required to be held under the LEA or any other legislation.

The current Electoral Officer, Margaret Meek, was appointed by Council in 2006; Margaret Meek has conducted four Council triennial elections. Margaret Meek is currently on secondment from her substantive role within GWRC. As this secondment is scheduled to continue into 2019 Margaret Meek will not be available to undertake the preliminary tasks expected of the Electoral Officer for the 2019 elections; accordingly officers propose that Council appoint a new Electoral Officer. Margaret Meek’s appointment as Electoral Officer will conclude when the new Electoral Officer is appointed.

3. Comment

Local authority triennial elections are a complex and high-profile process which can be the subject to intense public scrutiny. Failure to meet the legislative requirements can lead to public criticism, additional costs, or an invalid electoral process. Accordingly, it is important that Council appoints an Electoral Officer who has the necessary skills, knowledge and experience to undertake all electoral processes consistent with statutory requirements.

3.1 Evaluation of proposals

Officers sought and considered proposals for Electoral Officer services from the two New Zealand providers of local government election services: *electionz.com* and *Election Services Limited*. These providers collectively provide Electoral Officer services for 52 of the 78 local authorities in New Zealand, and provide electoral services to most of the other local authorities.

Both providers and their staff are well known to Council officers, due to their involvement in sector leadership working groups on election matters and their existing relationships with territorial authorities in the Wellington Region through their provision of Electoral Officer services and election services.

As an outcome of the officer assessment of proposals, Warwick Lampp of *electionz.com* is proposed for appointment as the Council's Electoral Officer.

3.2 A brief profile of Warwick Lampp

Warwick Lampp has extensive experience as an Electoral Officer. A brief outline of his experience is provided in **Attachment 1**.

Within the Wellington Region, Mr Lampp is Electoral Officer for five of the eight territorial authorities wholly located in the Wellington Region (Carterton District Council, Masterton District Council, South Wairarapa District Council, Upper Hutt City Council, and Wellington City Council). Mr Lampp is also involved in providing electoral services to Hutt City Council and Tararua District Council. Mr Lampp's electoral connections across the region will assist in ensuring the effective conduct of the Council's elections.

In the Canterbury Region *electionz.com* has a staff member appointed as the Electoral Officer of Canterbury Regional Council (ECan), while also providing Electoral Officer services to most of the territorial authorities in the Canterbury Region.

4. Communication

The newly appointed Electoral Officer and the outgoing Electoral Officer will be notified of the Council's appointment.

5. Consideration of climate change

The matters addressed in this report are of a procedural nature, and there is no need to conduct a climate change assessment.

6. The decision-making process and significance

Officers recognise that the matters referenced in this report may have a high degree of importance to affected or interested parties.

The matters requiring decision in this report have been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act).

Part 6 sets out the obligations of local authorities in relation to the making of decisions.

6.1 Significance of the decision

Part 6 requires Greater Wellington Regional Council to consider the significance of the decision. The term ‘significance’ has a statutory definition set out in the Act.

Officers have considered the significance of the matter, taking the Council's significance and engagement policy and decision-making guidelines into account. Officers recommend that the matter be considered to have low significance.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

6.2 Engagement

No engagement is required in relation to this report.

7. Recommendations

That the Council:

1. ***Receives** the report.*
2. ***Notes** the content of the report.*
3. ***Appoints** Warwick Lampp as Wellington Regional Council’s Electoral Officer*.

Report prepared by:	Report approved by:	Report approved by:
Alex Kirkwood	**Francis Ryan**	**Luke Troy**
Democratic Services Advisor	Manager, Democratic Services	General Manager, Strategy

Attachment 1: Warwick Lampp profile

Attachment 1 to Report 18.460

Warwick Lampp profile

- Over 33 years' experience in local government administration and elections management
- 8 years as Administration Manager at Papakura District Council – Deputy Returning Officer for 2 elections, 1989 and 1992.
- 5 years as Administration Manager at Central Hawkes Bay District Council – Returning Officer for 1995 and 1998 Local Government Elections
- 18 years as Electoral Officer at electionz.com
- 27 years on the SOLGM Returning Officers' Electoral Working Party
- Excellent working knowledge of elections legislation, including the Local Electoral Act 2001 and the Local Elections and Polls Act 1976.
- Electoral Officer for 21 local authorities, two licensing trusts and six DHBs
- Returning Officer for numerous private and public organisations including Fonterra Co-operative Group, DairyNZ, Beef & Lamb NZ, Youth Hostel Association, Waipa Networks Trust, Tauranga Energy Consumers Trust, MainPower Trust, Fish and Game New Zealand, Farmlands, Silver Fern Farms, Alliance Group, NZ Teachers Council, Co-operative Bank, Ballance Agri-nutrients, Ravensdown, NZ Law Society, NZ Institute of Chartered Accountants, NZ Labour Party, NZ Medical Council, New Zealand Nurses Organisation, NZEI.

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Report	**18.453**
Date	23 October 2018
File	CCAB-8-1863
Committee	**Council**
Author	**Roland Daysh, Senior Democratic Advisor**

Disclosure of declarations of members' interests

1. Purpose

For the Council to consider matters relating to the declarations of interest made by elected members and appointed members of Council committees (members), and:

1. To consider whether such declarations should be made public as a matter of standard procedure; and

2. To consider whether GWRC's policies and processes for managing members' conflicts of interest should be published on the GWRC website.

2. Consideration by Committee

The matters contained in this report were considered by the Finance, Risk and Assurance Committee at its meeting on 18 September 2018. The recommendations of this report are consistent with the resolutions of the Committee.

3. Background

The interests of members exist in a framework of statutory obligations, common law obligations, guidelines, and public expectations of behaviour regarding actual and perceived interests. The desired outcome from this framework is to strengthen public trust and confidence in the integrity of GWRC processes and decision making, and to promote the highest standards of behaviour and conduct for members.

GWRC's strategy to achieve this outcome is based on:

- Recognising that 'interests' per se are not necessarily problems; they are a reality for members. It is how 'conflicts of interest' are identified and then managed that determines whether personal interests that overlap with a member's GWRC responsibilities are a problem;

- Recognising that the primary obligation to identify and declare conflicts of interest is the responsibility of members, as only they know the extent of their interests that may overlap with their GWRC responsibilities;

- Having processes that prompt members to review their interests on a regular basis, and which encourage members to engage with officers when they have concerns or queries about potential conflicts, and support the provision of legal advice on a particular matter, when necessary; and

- Providing for the recording and reporting of declared conflicts of interest, and establishing clear processes where a conflict of interest is declared.

GWRC's current processes for managing interests that may give rise to a conflict of interest, which are consistent with the Auditor-General's best practice guidance (**Attachment 1**), are:

- Ensuring that all members are aware of their ongoing obligations in relation to their interests. This is achieved by providing information at the time of election or appointment, members being prompted to review their interests on a biannual basis, and acknowledging the importance of conflicts of interest by all meetings having "Declarations of conflicts of interest" as a standing agenda item;

- Encouraging members to engage with officers at any time if they are concerned that their personal interest in a matter may give rise to a conflict of interest. Officers can arrange for members to have a discussion with GWRC's legal advisors to assist in working through the concerns; and

- Ensuring GWRC processes and decision making are not influenced by conflicts of interest. This is achieved by public notification of meetings and agendas, meetings being open to the public (unless there are grounds for public exclusion), and any declared conflict of interests being recorded in public minutes of Council and committee meetings.

In 2016 the Auditor General published Audit NZ's reflections from their audits which included their reflections on managing conflicts of interest. This report is summarised in **Attachment 2**.

4. A public register of declared interests

As noted above, a biannual declaration of interest process for members already exists. This process is treated as the collection of personal information and currently GWRC does not publish this information externally.[1]

There is an option to make GWRC members' biannual declaration a public document by publishing a summary of declared interests on GWRC's website

[1] Any request from a third party (excluding GWRC's auditors) for the information will be considered in accordance with the Local Government Official Information and Meetings Act 1987.

as a Declared Interests Register. In evaluating this option, any decision would need to balance:

- The privacy of members and associated parties;
- Increased transparency of GWRC processes;
- Does the publication of private interests create a barrier to both the disclosure of personal interests and the free and frank discussion of possible conflicts of interest between members and officers?;
- The public disclosure of a member's interests per se is of limited value without relating the interest to something specific about their GWRC role or a particular matter before the Council or its committees;
- A register may encapsulate material holdings and interests, but may not readily encapsulate personal relationships, the interests of members' extended families, and personally held convictions, which can often be the issues which give rise to potential conflicts of interests;
- Having a record of declared interests is not a substitute for a member's obligation to disclose and deal with specific conflicts of interests when they arise;
- Members' interests can be very broad and can vary from day-to-day. A record is only a snapshot at a point in time and is only as accurate as what a member chooses to disclose;
- There is no legal obligation for interests (which are not conflicts of interest) to be declared, and for declared interests to be made public; and
- The application of a public register to appointed members of committees, (and their associated parties), who are subject to the same obligations as Councillors but are not elected to GWRC public office.

It is noted that there is a public register of MPs' interests; this is undertaken in a very structured manner and has a clear definition of categories of interests that must be declared. This register is summarised in **Attachment 3**. The Auditor General has commented:

> *"The register will be a useful tool to help identify and avoid possible conflicts of interest. However, by itself the register will not necessarily prevent or detect abuses of public office by members of Parliament; nor is it designed to do so. It only records interests. It does not record particular instances of conflicts of interest; nor does it address how a member should act when a conflict of interest does arise. Separate requirements for express disclosure*

where a financial conflict of interest arises in a specific situation in the House already exist for members of Parliament."[2]

The Finance, Risk and Assurance Committee considered these matters at its meeting on 18 September 2018. As an outcome of its consideration it has recommended that GWRC should regularly publish a Declared Interests Register on its website. The register would contain the interests declared by all members, both elected members and appointed committee members.

5. Publication of GWRC's policies and processes for managing conflicts of interest

Currently the GWRC website contains the GWRC's Code of Conduct and Standing Orders. While these documents address conflicts of interest they do not address the issue from a process and an outcome perspective.

The Finance, Risk and Assurance Committee has recommended that GWRC publish on its website the policies and processes that GWRC has for managing conflicts of interests. This option would complement the publishing of GWRC's biannual declaration of members' interests and place the Declared Interests Register in an appropriate context.

6. Practices in other local authorities

A review of other local authorities' practice for a public register of Councillors' interests was undertaken by searching their websites. A summary of the results is that the majority of the Region's local authorities do not publish a register of interests on their websites; but the Standing Orders and Councillors' Code of Conduct (which refer to conflicts of interest) were generally available on these websites.

Kapiti Coast District Council and Wellington City Council each have a register of declared interests on their website. The Kapiti Coast District Council's public register includes details relating to appointed committee members.[3] The Wellington City Council register covers both Councillors and their spouse/partner.[4]

Upper Hutt City Council has adopted the process for having their 'disclosure register' as part of their public meeting order papers.

Auckland Council's Code of Conduct requires that elected members must make an annual declaration of interests (including family interests), notwithstanding that there is no statutory obligation to make such a declaration. The nature and extent of any interest is categorised into 12 classes of interests (similar to the classes of interest set out in the Register of MPs' Interest); including travel costs paid by third parties and gifts received. The Code of Conduct requires the Register of Members' Interests (or a fair and accurate

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[2] Audit NZ, 2006, Central government: Results of the 2004/05 audits, Part 9: Register of Pecuniary Interests of Members of Parliament, para 9.8.
[3] https://www.kapiticoast.govt.nz/Your-Council/The-Role-of-Council/declarations-of-interest/
[4] https://wellington.govt.nz/your-council/mayor-and-councillors/declared-business-interest

summary) to be available for public inspection and published on the Council's website.[5]

The table below sets out the current approach of each regional council:

Regional Council	Register of Interests	Updated	On website
Bay of Plenty	Yes	6 monthly	Yes
Hawke's Bay	Yes	Annually	Yes [6]
Manawatu-Wanganui	Unknown	Unknown	No
Northland	Yes	Annually	No
Taranaki	Unknown	Unknown	No
Waikato	Yes	Triennial	No
Canterbury	Yes	Annually	No
Otago	Yes	Annually	No
Southland	Yes	Unknown	Yes [7]
Wellington	Yes	6 monthly	No
West Coast	Yes	Unknown	No

While having a register in some form is relatively common practice, the approaches of local authorities to the information that should be declared, and the nature of the public disclosure of the declared information, varies.

7. Communication

Appointed committee members will be informed of any relevant Council decisions which change the approach to the management of the biannual declarations of interest process.

8. Consideration of climate change

The matters requiring decision in this report are of a procedural nature and do not require consideration of climate change.

[5] https://www.aucklandcouncil.govt.nz/about-auckland-council/how-auckland-council-works/elected-members-remuneration-declarations-interest/Pages/elected-members-declarations-search.aspx
[6] https://www.hbrc.govt.nz/assets/Document-Library/Council-Documents/HBRC-Register-of-Members-Interests-as-of-10-March-2017.pdf
[7] https://www.es.govt.nz/council/councillors/Pages/Meet-your-councillors.aspx

9. The decision-making process and significance

Officers recognise that the matters referenced in this report may have a high degree of importance to affected or interested parties.

The matters requiring decision in this report have been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act). Part 6 sets out the obligations of local authorities in relation to the making of decisions.

9.1 Significance of the decision

Part 6 requires Greater Wellington Regional Council to consider the significance of the decision. The term ‘significance’ has a statutory definition set out in the Act.

Officers have considered the significance of the matter, taking the Council's significance and engagement policy and decision-making guidelines into account. Officers recommend that the matter be considered to have low significance.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

9.2 Engagement

In accordance with the significance and engagement policy, no engagement on the matters for decision is required.

10. Recommendations

That the Council:

1. ***Receives** the report.*
2. ***Notes** the content of the report.*
3. ***Notes** the current GWRC process for managing members’ interests is consistent with the Auditor-General’s best practice guidance.*
4. ***Agrees** that:*
   a. *Interests declared by Councillors and appointed Committee members shall be published on the GWRC website and updated on a regular basis; and*
   b. *GWRC’s policies and processes for managing members’ conflicts of interest shall be published on the GWRC website.*

Report prepared by:	Report approved by:	Report approved by:
Roland Daysh Senior Democratic Services Adviser	**Francis Ryan** Manager, Democratic Services	**Luke Troy** General Manager Strategy

Attachment 1: Auditor-General's best practice guidance

Attachment 2: Audit NZ 2016 Report; Reflections from our audits: Governance and accountability; Part 4: Managing conflicts of interest

Attachment 3: Parliament; Register of MPs' Interests

Attachment 1 to Report 18.453

Auditor-General's best practice guidance

With regard to the Local Authorities (Members' Interests) Act 1968, the Auditor-General, in their October 2010 publication *Guidance for members of local authorities about the Local Authorities (Members' interests) Act 1968* states:[1]

> *"We encourage authorities to establish a register of members' interests to support compliance with the Act."*

With regard to interests more broadly, the Auditor-General, in their June 2007 publication *Managing conflicts of interest: Guidance for public entities* states:[2]

> *"**Periodic declarations of interests***
>
> *3.7 One method many public entities use is to require members or officials to regularly (for example, yearly) complete and submit a declaration listing specified personal interests. This is sometimes called an "interests register". If managed in this way, these declarations are not of conflicts of interest, because only the interests are recorded.*
>
> *3.8 This method enables relevant managers to be aware of most relevant ongoing interests, and acts as a reminder to members and officials of the need to be alert for conflicts of interest. The register, if reviewed and updated regularly, helps people to monitor situations that could give rise to a conflict of interest, and to identify conflicts of interest at an early stage. Placing interests on record is consistent with the principle of transparency.*
>
> *3.9 An interests register can help public entities identify when a conflict of interest might arise so that steps can be taken to manage it. However, such a register is no more than a tool to help members, officials, and public entities in their efforts to identify and manage conflicts of interest before they create problems. An interests register is not a substitute for disclosing and dealing with specific conflicts of interest as and when they arise. Public entities need to ensure that members and officials understand their ongoing obligations."*

The Auditor-General has not expressed a view or made a recommendation on the publication of members' declared interests.

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[1] https://www.oag.govt.nz/2010/lamia/docs/local-authorities-members-interests-act.pdf/view (at para 2.45).https://www.oag.govt.nz/2010/lamia/docs/local-authorities-members-interests-act.pdf

[2] https://www.oag.govt.nz/2007/conflicts-public-entities

Attachment 2 to Report 18.453

Audit NZ 2016 Report; Reflections from our audits: Governance and accountability; Part 4: Managing conflicts of interest

In 2016 Audit NZ published reflections from their audits which included, in part, their reflections on managing conflicts of interest. Below is a summary of this publication.

It is inevitable that those in governance roles will have interests that could come into conflict (whether real or perceived) and create risks to the impartiality of decision-making. Conflicts of interest are not necessarily problems – they are a reality. It is how they are identified and then managed that determines whether they are a problem.

Those in governance roles need to manage their interests in a way that is transparent and does not compromise the decision that is being made by the public entity. In public office, having multiple roles and interests requires careful management. People with such interests need to behave with the utmost integrity and transparency to avoid real or perceived conflicts and risks to the public entities they serve. Conflicts of interest also need to be managed so that they do not stop someone from doing their job.

Most governors and officials are good at disclosing conflicts of interest. When disclosing a conflict of interest, it is better to err on the side of openness. This is the responsibility of the person who has the conflict.

Simply declaring the conflict of interest is not usually enough. The person declaring the conflict is not best placed to decide how it should be managed. The governing body needs to consider carefully what needs to be done to manage the risks associated with a conflict. The notion of managing conflicts of interest as a peer-driven activity around the board table is useful.

Audit NZ's experience is that conflict of interest questions are more likely to be grey than black and white. Deciding how to manage them is sometimes neither clear nor straightforward and requires careful judgement. Audit NZ identified a broad range of options for managing or mitigating a conflict of interest. The options (in order of lowest to highest severity) include:

1. taking no action, transparency is enough;
2. asking whether all affected parties will agree to the person's involvement;
3. seeking a formal exemption to allow participation (if such a legal power applies);
4. imposing additional oversight or review over the person;
5. withdrawing from discussing or voting on a particular item of business at a meeting;
6. exclusion from a committee or working group dealing with the issue;
7. re-assigning certain tasks or duties to another person;
8. agreement or direction not to do something;
9. withholding certain confidential information, or placing restrictions on access to information;
10. transferring the person (temporarily or permanently) to another position or project;
11. relinquishing the private interest; or
12. resignation or dismissal from one or other position or entity.

Audit NZ observed that taking a precautionary approach has often become the "rule" in managing conflicts of interest, as opposed to careful consideration of the range of options. It is reasonable that members of a governing body will bring their own experience and knowledge to a decision-making process. Often, people are in governance roles for this very reason. It would be unreasonable to expect that this knowledge is not used.

Attachment 3 to Report 18.453

Parliament; Register of MPs' Interests

The MPs' register (an annual return of their pecuniary and other specified personal interests) was adopted in 2005 to promote the highest standards of behaviour and conduct of MPs, and strengthen public trust and confidence in parliamentary processes and decision-making. The register is publicly available on the Parliament website.

The Standing Orders provide that a Member of Parliament who knowingly fails to file a return when required, or who knowingly provides false or misleading information in a return, may be in contempt of the House.

The register is maintained by the Registrar of Pecuniary and Other Specified Interests (a role established by Standing Orders), who advises MPs on what information is required, and compiles their returns into the Register. The Registrar may conduct an inquiry into returns that do not comply with Standing Orders.

The interests (not the value of the interest) that are required to be registered are:

1. Company directorships and controlling interests
2. Interests (such as shares and bonds) in companies and business entities
3. Employment
4. Interests in trusts
5. Organisations and trusts seeking Government funding
6. Real property
7. Superannuation schemes
8. Managed investment schemes
9. Debtors
10. Creditors
11. Overseas travel (during the period)
12. Gifts (during the period)
13. Discharged debts (during the period)
14. Payments for activities (during the period)

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Report	**18.504**
Date	24 October 2018
File	CCAB-8-1976
Committee	**Council**
Author	**Francis Ryan, Manager, Democratic Services**

Delegations made by Council under the Local Government (Rating) Act 2002 and the Resource Management Act 1991

1. Purpose

For the Council to update delegations made by Council under the Local Government (Rating) Act 2002 and the Resource Management Act 1991.

2. Background

On 13 December 2017 the Council directly delegated to certain officer positions its powers, duties and responsibilities under the Local Government (Rating) Act 2002 and the Resource Management Act 1991 (Report 17.408 refers). The General Manager, Corporate Services/CFO position is one of the positions delegated powers, duties and responsibilities under those statutes.

3. Comment

As the General Manager, Corporate Services/CFO responsibility comprises two discrete elements – a general management responsibility for GWRC's corporate services functions, and a Chief Financial Officer function providing financial oversight - officers consider that it would be beneficial, from an organisational administration perspective, for Council to provide clarity on which delegations made by Council under the Local Government (Rating) Act 2002 and Resource Management Act 1991 should be exercised under the General Manager, Corporate Services responsibility and which should be exercised under the CFO responsibility.

Officers propose that the delegations directly made by Council to the General Manager, Corporate Services/CFO under the Local Government (Rating) Act 2002 should be exercisable by each of the General Manager, Corporate Services and the CFO functions.

Officers propose that the delegations directly made by Council to the General Manager, Corporate Services/CFO under the Resource Management Act 1991 should be exercisable by the General Manager, Corporate Services function.

Updated draft instruments of delegation are attached relating to the Local Government (Rating) Act 2002 (**Attachment 1**) and Resource Management Act 1991 (**Attachment 2**).

The Council's delegations manual would be updated to reflect these new delegations.

4. Communication

No external communication is proposed as an outcome of the consideration of this report.

5. Consideration of climate change

The matters addressed in this report are of a procedural nature, and there is no need to conduct a climate change assessment.

6. The decision-making process and significance

Officers recognise that the matters referenced in this report may have a high degree of importance to affected or interested parties.

The matters requiring decision in this report have been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act). Part 6 sets out the obligations of local authorities in relation to the making of decisions.

6.1 Significance of the decision

Part 6 requires Greater Wellington Regional Council to consider the significance of the decision. The term 'significance' has a statutory definition set out in the Act.

Officers have considered the significance of the matter, taking the Council's significance and engagement policy and decision-making guidelines into account. Officers recommend that the matter be considered to have low significance.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

6.2 Engagement

In accordance with the significance and engagement policy, no engagement on the matters for decision is required.

7. Recommendations

That the Council:

1. ***Receives** the report.*

2. ***Notes** the content of the report.*

3. ***Revokes**, with effect from 1 November 2018, the delegations made by Council on 13 December 2017 to specific officers under the Local Government (Rating) Act 2002 and Resource Management Act 1991.*

4. ***Delegates** powers, duties and responsibilities in the Local Government (Rating) Act 2002 to specified officers as set out in Attachment 1 of this report, with effect from 1 November 2018.*

5. ***Delegates** powers, duties and responsibilities in the Resource Management Act 1991 to specified officers as set out in Attachment 2 of this report, with effect from 1 November 2018.*

6. ***Notes** that the revocations and delegations made by the Council do not in any way affect existing authorisations, appointments, or warrants.*

Report prepared by:	Report approved by:
Francis Ryan Manager, Democratic Services	**Luke Troy** General Manager, Strategy

Attachment 1: Delegations from Council to officers - Local Government (Rating) Act 2002

Attachment 2: Delegations from Council to officers - Resource Management Act 1991

Attachment 1 to Report 18.504

Delegation from Council – Local Government (Rating) Act 2002

No power to sub-delegate

Note that in accordance with section 132 of the Local Government (Rating) Act 2002, the following delegations **may not** be sub-delegated.

General delegation to Chief Executive

The Council delegates to the Chief Executive all powers, duties and responsibilities under the Local Government (Rating) Act 2002 that are legally able to be delegated under section 132 of the Local Government (Rating) Act 2002 other than matters identified in the following tables as being retained by Council.

Specific delegations to Chief Executive and specified positions

The following table sets out a range of other delegations made by the Council to specified officers.

Section	Description	Delegate
General	Power to supervise those territorial authorities that have been appointed to collect rates in accordance with section 53.	*Chief Executive* *General Manager, Corporate Services* *CFO* *Manager, Strategic Finance*
General	Power to supervise those territorial authorities that have been delegated the authority to keep and maintain the rating information database in accordance with section 27.	*Chief Executive* *General Manager, Corporate Services* *CFO* *Manager, Strategic Finance*
27	*Delegate the authority to keep and maintain the rating information database to constituent district in the region*	***Retained by Council***
29, 39	Power to determine any objection to the rating information database or rates records	*Chief Executive* *General Manager, Corporate Services* *CFO* *Manager, Strategic Finance*

Attachment 1 to Report 18.504

40	Power to correct rates	*Chief Executive* *General Manager, Corporate Services* *CFO*
41, 41A	Power to issue an amended rates assessment and refund overpayment, if an error is corrected	*Chief Executive* *General Manager, Corporate Services* *CFO*
44 – 51	Obligations to deliver rates assessments and rates invoices to ratepayers setting out the information required by the Act	*Chief Executive* *General Manager, Corporate Services* *CFO*
53	*Power to appoint a rates collector*	***Retained by Council***
54	Power to determine not collect rates that are uneconomic to collect. Limitation If rates exceed $1000 then Council approval must be sought	*Chief Executive* *General Manager, Corporate Services* *CFO*
61, 62	Powers for recovery of unpaid rates	*Chief Executive* *General Manager, Corporate Services* *CFO*
63	Commence legal proceedings to recover rates	*Chief Executive* *General Manager, Corporate Services* *CFO*
55	*May adopt a policy for the early payment of rates*	***Retained by Council***
56	*May adopt a policy for the early payment of rates in anticipation of rates for subsequent financial years*	***Retained by Council***
67	*Power to have judgements of the court enforced by the court by sale or lease of the rating unit*	***Retained by Council***

Attachment 1 to Report 18.504

72	Power to consent to the sale or lease of a rating unit by the Registrar by private treaty (if the unit cannot be sold or leased by public auction or public tender)	*Chief Executive* *General Manager, Corporate Services* *CFO*
77	*Sale or lease of abandoned land*	***Retained by Council***
79	*Determine matters for the sale or lease of abandoned land*	***Retained by Council***
82	*If the proceeds of a sale or lease of abandoned land under s79 are not sufficient to meet the rates, interest, costs, and expenses, the local authority may write off the deficiency* Limitation If rates exceed $1000 then Council approval must be sought	*Chief Executive* *General Manager, Corporate Services* *CFO*
85, 86	Power to remit rates pursuant to Council rates remission policy	*Chief Executive* *General Manager, Corporate Services* *CFO*
87-90	Power to postpone rates pursuant to Council rates postponement policy	*Chief Executive* *General Manager, Corporate Services* *CFO*
94	To apply to the Māori Land Court to appoint one of the owners, or an agent, to receive rates assessments and rates invoices for Māori freehold land in multiple ownership	*Chief Executive* *General Manager, Corporate Services* *CFO*
99	To apply to Māori Land Court for charging order.	*Chief Executive* *General Manager, Corporate Services* *CFO*
104	To consent to an owner dealing with land	*Chief Executive* *General Manager, Corporate Services* *CFO*

Attachment 1 to Report 18.504

108	To apply to apply to Māori Land Court to enforce charging order.	*Chief Executive* *General Manager, Corporate Services* *CFO*
111	To apply to Māori Land Court for payment of unpaid rates.	*Chief Executive* *General Manager, Corporate Services* *CFO*
114 -115	Power to remit or postpone rates on Māori Freehold land pursuant to Council policy	*Chief Executive* *General Manager, Corporate Services* *CFO*
116	*Power and duties in relation to consenting to an Order in Council made by the Governor-General to exempt Māori freehold land from some or all liability for rate*	***Retained by Council***
131	To arrange for a registered valuer to make an estimate of the projected valuation of all the rateable land in the districts of the constituent territorial authorities	*Chief Executive* *General Manager, Corporate Services* *CFO* *Manager, Strategic Finance*
135	To sign documents as correct copies for the purpose of Court or Tribunal proceedings.	*Chief Executive* *General Manager, Corporate Services* *CFO*

Attachment 2 to Report 18.504

Delegation from Council – Resource Management Act 1991

No power to sub-delegate

Note that in accordance with section 34A of the RMA, the following delegations **may not** be sub-delegated.

General delegation to Chief Executive

The Council delegates to the Chief Executive all the powers, duties and responsibilities under the Resource Management Act 1991 (**RMA**) other than:

(a) the powers to adopt policy statements and plans;
(b) the powers, duties, and responsibilities, delegated to a Committee of the Council; and
(c) the powers, duties, and responsibilities, identified in the following tables as being retained by Council.

In addition, if the Council has powers, duties and responsibilities under the RMA that are not specified in the following tables that are of an enforcement, inspection, licensing and administrative nature then the Chief Executive is delegated those powers, duties and functions as if the matter was specified in the following tables.

For the avoidance of doubt, any powers, duties, or responsibilities in the RMA that are conferred on an enforcement officer or other specific position contained in the RMA do not form part of this delegation.

Specific delegations to Chief Executive and specified positions

Key to RMA delegations

Tier 1	*Chief Executive*
Tier 2	*General Manager (as specified)*
Tier 3 Regulation	*Manager, Environmental Regulation*
Tier 4 Regulation	*Team Leader, Consents and Compliance; Team Leader Environmental Protection; Project Leader, Environmental Regulation; Project Leader Statutory Projects*
Tier 5 Regulation	*Senior Resource Advisor*
Tier 6 Regulation	*Resource Advisor (or any person who is engaged as a consultant resource advisor to the Council*), Take Charge Co-ordinator, Senior Environmental Protection Officer, Environmental Protection Officer, Senior Enforcement Investigator, Enforcement Investigator, Senior Project Consents & Compliance Officer, Project, Senior Project Consents Officer, Project Consents Officer, Senior Project Compliance Officer, Project Compliance Officer (or any person who is engaged as a consultant: project consents & compliance officer; or project consents officer; or project compliance officer to the Council*)*
Tier 3 Policy	*Manager, Environmental Policy*
Tier 4 Policy	*Team Leader, Regional Plan Team; Team Leader Policy, Engagement Team; Team Leader, Whaitua Team*
Tier 3 Science	*Manager, Environmental Science*

Attachment 2 to Report 18.504

*A contractor/consultant must be appointed as an officer in order to perform the relevant tier functions.

Delegations exercised by a Tier can be exercised by all those in the Tiers above, for example a delegation to Tier 4 Regulation, can be exercised by the Manager, Environmental Regulation, the General Manager, Environment Management and the Chief Executive.

Functions, powers and duties

Section	Description	Delegate
Transfer of powers		
33	*Transfer functions, powers, or duties under this Act, except this power of transfer, to another public authority (and revoke or change any transfer made)*	***Retained by Council***

Resource consents

Section	Description	Delegate
Waivers		
37(1), 37A	Extend a time period and to waive compliance, or failure to comply with service of document requirements as provided in sections 37(1) and 37A <u>*Limitation</u> Authority relates to the extension of time periods and when the applicant requests or agrees	*Tier 3 Policy* *Tier 3 Science* *Tier 4 Regulation* **Tier 5 Regulation*
37(2)	Power to direct the terms on which an omission or inaccuracy of information required, or a procedural requirement that was omitted, shall be rectified in accordance with section 37(2).	*Tier 3 Policy* *Tier 3 Science* *Tier 3 Regulation*
Section 42A reports		
42A	Powers regarding the preparation, commissioning and provision of reports (including waiving compliance with requirements in this section)	*Tier 4 Policy* *Tier 4 Regulation*
Permitted activities		
87BB	Powers regarding activities deemed to be a permitted activity	*Tier 5 Regulation*
Direct Referral		
87E	Power to determine Council position on a request for direct referral to the Environment Court	*Tier 3 Regulation*
87F	Approve the content of a report prepared on an application that has been directly referred to the Environment Court	*Tier 3 Regulation*
Application for resource consent		
88	Authority to determine whether an application for resource consent is incomplete (and give reasons	*Tier 6 Regulation*

	why)	
41B	Power to direct applicant to provide evidence <u>Limitation</u> Power only applies before hearing	*Tier 4 Regulation*
41C	Authority to make directions and requests <u>Limitation</u> Power only applies before hearing	*Tier 6 Regulation*
41D	Strike out submissions <u>Limitation</u> Power only applies before hearing	*Tier 2 Regulation*
91	Power to determine not to proceed with a resource consent application on certain grounds	*Tier 6 Regulation*
91C	Power to determine whether to return an application for a resource consent that has been suspended	*Tier 6 Regulation*
Further information requests		
92	Authority to request further information to be provided, or to commission a report before a decision on a consent application is made	*Tier 6 Regulation*
92A	Set a time within which an applicant is to provide information	*Tier 6 Regulation*
Notification		
95, 95A, 95B, 95C, 95D, 127	Decide whether to publicly or limited notify an application for resource consent or change or cancellation of conditions. Power to determine whether the adverse effects on the environment of an application will be minor or whether special circumstances exist in relation to the application	*Tier 6 Regulation*
95E	Determine which persons may be adversely affected by an application and to serve notice of the application on them if required	*Tier 6 Regulation*
95F	Determine that a protected customary rights group is an affected group if the activity may have adverse effects on a protected customary right and written approval from the group has not been received	*Tier 6 Regulation*
95G	Determine that a customary marine title group is an affected group if the activity may have adverse effects on customary marine title rights and written	*Tier 6 Regulation*

	approval from the group has not been received	
Submissions on applications, pre-hearing meetings and mediation		
96	The power to lodge a submission on a resource consent application	*Tier 4 Policy* *(See submissions policy)*
97	Adopt an earlier closing date for submissions in accordance with section 97	*Tier 6 Regulation*
99(1)-(4)	Power to call pre-hearing meetings and invite or require parties to attend and the duty to prepare a report of the meeting	*Tier 6 Regulation*
99(8)	Power to decide whether to decline to process an application or submission if they fail to attend a pre-hearing meeting	*Tier 3 Regulation*
99A(1)-(2)	Power to refer parties who have made a resource consent application or submissions on the application to mediation	*Tier 4 Policy* *Tier 4 Regulation*
99A(3)	Power to appoint mediators when the Council is the applicant	*Tier 3 Regulation*
Hearings		
100	Authority to determine whether a hearing should be held in respect of any application for a resource consent and require that a hearing be held	*Tier 6 Regulation*
101	Authority to fix and notify the commencement date, time and place where a hearing is to be held	*Tier 6 Regulation*
102(1)	Authority to determine that applications to two or more consent authorities for the same proposal are sufficiently unrelated that a joint hearing is unnecessary	*Tier 6 Regulation*
102(2)	If a joint hearing is held, agree that another authority should be responsible for notifying the hearing, setting the procedure, and providing administrative services	*Tier 6 Regulation*
102(3)	Jointly or separately decide applications where those applications are heard jointly	*Tier 6 Regulation*
103	Authority to determine that a combined hearing on applications for resource consents need not be held (proposals must be sufficiently unrelated)	*Tier 6 Regulation*
Decision making on resource consent applications		
104, 104A - F, 105, 106, 107, 108, 108A, 108AA	Determine or decline resource consent applications Authority to impose conditions on any consent	** Tier 3 Regulation* *# Tier 5 Regulation*

	granted, including the provision of a bond *Limitation Applies to applications where no hearing required #Limitation Applies to applications which are non-notified and no hearing is required	
109	Conditions relating to bonds; power to enter on to land to ensure work for which bond is given is being completed	*Tier 6 Regulation*
110	Duty to refund financial contribution to consent holder where consent has lapsed. Power to retain portion of financial contribution in certain circumstances	*Tier 4 Regulation*
114	Authority to serve consent applicant, submitters and determine other people that are considered appropriate with notice of the decision on an application	*Tier 6 Regulation*
120	Authority to lodge, withdraw or oppose appeal on Council's behalf in Environment Court	*Tier 3 Regulation* *Tier 3 Science* *Tier 3 Policy*
Duration of consent		
123	Power to specify duration of consent	*Tier 5 Regulation*
123A	Power to decide duration of consent for aquaculture activities	*Tier 5 Regulation*
124	Power to allow a consent holder to continue to operate while applicant is seeking a new resource consent	*Tier 4 Regulation*
124B	Process that must be followed when applications by existing holders received	*Tier 5 Regulation*
124C	Process that must be followed when applications are received from persons who are not existing holders received	*Tier 5 Regulation*
125	Power to grant extension of period after which a consent will lapse	*Tier 5 Regulation*
Cancellation and change of resource consents		
126	Power to cancel a resource consent by written notice and power to cancel notice of revocation	*Tier 4 Regulation*

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127	Determine non-notified applications for a change or cancellation of any condition of consent ***Explanatory Note:*** *See above notification delegations in relation to notification decisions on section 127 applications*	*Tier 5 Regulation*
Review of consent conditions by consent authority		
128, 129	Power to review resource consent conditions and to give notice of review.	*Tier 4 Regulation*
130	Determine whether notification of a review is required under section 130 and whether a hearing be held	*Tier 4 Regulation*
131	Duty to consider certain matters during review of consent conditions and before changing the conditions of a discharge permit or a coastal permit Limitation Power only applies where no hearing is required	*Tier 4 Regulation*
132	Power to change the conditions of a resource consent on a review under s128, or to cancel resource consent Limitation Power only applies where no hearing is required	*Tier 4 Regulation*
Minor corrections of resource consents		
133A	Power to make minor changes or corrections to resource consent (within 20 working days of grant).	*Tier 6 Regulation*
Transfer of resource consents		
136	Power to approve the transfer of a water permit	*Tier 5 Regulation*
137	Approve the transfer of a discharge permit in whole or in part to another site and to any person	*Tier 5 Regulation*
Surrender of consents		
138	Power to Issue notice of acceptance of surrender of a resource consent, direct that person surrendering consent need not complete any work to give effect to the consent, and refuse acceptance of a part surrender of a resource consent	*Tier 5 Regulation*
Coastal permits for dumping and incineration		
138A(1)	Power to request further information in relation to applications for coastal permits for dumping or incineration.	*Tier 6 Regulation*

	Limitation Power only applies where no hearing is required	
138A(3)	Power to review coastal permits for dumping or incineration	*Tier 4 Regulation*
Certificates of compliance or existing use		
139, 139A (excl 139(4))	Authority to determine and issue certificate of compliance and existing use certificates Authority to request further information before determining whether to issue certificates	*Tier 5 Regulation*
139(4)	To require further information to be provided in order to determine if a certificate of compliance must be issued	*Tier 6 Regulation*

Planning

Section	Description	Delegate
Officer Reports		
42A	Powers regarding the preparation, commissioning and provision of reports (including waiving compliance with requirements in this section)	*Tier 3 Policy*
Combined documents		
80	*Determine whether the council wishes to prepare, implement, and administer the combined regional and district documents as set out in subsections (2) to (6).*	***Retained by Council***
Referral of disputes		
82	Power to refer a dispute relating to a policy statement, plan or order to the Environment Court for a decision	*Tier 3 Policy*
Legal effect of rules		
86B	*Resolve that a rule in a proposed plan has legal effect only once the proposed plan becomes operative*	***Retained by Council***
86D	*Apply to the Environment Court for a rule to have legal effect from date other than standard date*	***Retained by Council***
Time limits		
Schedule 1, Clause 1(2), 37(1), 37A	Authority under section 37 to extend any time limit set in Schedule 1 and to waive compliance, or failure to comply, with a requirement in accordance with sections 37(1) and 37A	*Tier 3 Policy*
37(2)	Direct the terms on which an omission or inaccuracy of any information required under the Resource Management Act 1991, regulation or	*Tier 3 Policy*

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	plan, or a procedural requirement that was omitted, shall be rectified	
Consultation		
Schedule 1	Provide consultation comments on behalf of the Council on a planning or recovery document of another authority	*Tier 3 Policy*
Schedule 1 Clause 3	Determine affected Ministers of the Crown, local authorities and other persons to consult with during the preparation of a proposed policy statement or plan	*Tier 3 Policy*
Evaluation reports		
32 and Schedule 1, Clause 5 (excl 5(1)(a))	Direct the preparation of an evaluation report for a proposed policy statement or plan in accordance with section 32	*Tier 3 Policy*
165H(1A)	Prepare a report summarising the matters required by section 165H(1) and make it available for inspection	*Tier 3 Policy*
Notification		
Schedule 1, Clause 5(1C)	Determine whether a person is likely to be directly affected by the proposed policy statement or plan and determine what information to provide those persons	*Tier 3 Policy*
Schedule 1, Clause 5(5)	Determine appropriate locations in the region to make any proposed policy statement or plan available	*Tier 3 Policy*
Collaborative planning process		
Schedule 1, Clause 38	Give public notice of the planning process decision under clause 37	*Tier 3 Policy*
Schedule 1, Clause 43(1)	Give public notice that a collaborative group has been appointed	*Tier 3 Policy*
Schedule 1, Clause 45	Publicly notify a report of a collaborative group	*Tier 3 Policy*
Schedule 1, Clause 48	Prepare an evaluation report under section 32 for a proposed plan	*Tier 3 Policy*
Schedule 1, Clause 49	Publicly notify a proposed plan made under clause 46	*Tier 3 Policy*
Schedule 1, Clause 51	Powers regarding preparing a report on submissions	*Tier 3 Policy*
Schedule 1,	Give notice of the date, time, and place of any	*Tier 3 Policy*

Clause 52(2)	hearing	
Schedule 1, Clause 57	Publicly notify the Council's decision	*Tier 3 Policy*
Submissions		
Schedule 1, Clause 6 and 8	Make a submission or further submission	*Tier 3 Policy* *(see submissions policy)*
Schedule 1, Clause 7	Approve the public notification of the availability of a summary of decisions requested	*Tier 3 Policy*
Resolution of disputes		
Schedule 1, Clause 8AA(1)	Invite persons to a meeting for the purpose of clarifying or facilitating the resolution of any matter relating to a proposed policy statement or plan	*Tier 3 Policy*
Schedule 1, Clause 8AA(3) and (4)	Authority to refer to mediation the issues raised by persons who have made submissions on the proposed plan or policy statement and appoint a mediator.	*Tier 3 Policy*
Hearing, submissions and decisions		
Schedule 1, Clause 8D	*Withdraw a proposal to prepare, change, or vary a policy statement or plan*	***Retained by Council***
Clause 8B	*Hearings on proposed policy statements and plans*	***Retained by Council***
Clauses 10 and 55	*Decisions on provisions and submissions on proposed policy statement*	***Retained by Council***
Appeals		
Schedule 1, Clause 14	Lodge or withdraw an appeal to the Environment Court	*See below(Court Proceedings – Resource Management Act 1991)*
Amendments to proposed or operative policy statement or plan without using Schedule 1 process		
Schedule 1, Clause 16(1), 16(2) and 20A	Amend a proposed or operative policy statement or plan in accordance with Clause 16(1), 16(2) and 20A without using the Schedule 1 process	*Tier 3 Policy*
44A	*Amend a plan or proposed plan to remove a duplication or conflict with a National Environmental Standard without using the process in Schedule 1*	***Retained by Council***
292	Duty to comply with Environment Court direction to amend a regional plan	*Tier 3 Policy*
85(3A), 293	Make an amendment directed by the Environment Court under sections 85(3) and 293 without using	*Tier 3 Policy*

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	the process in Schedule 1	
Initiation of variations to policy statement or plan		
Schedule 1, Clause 16A	*Initiate variations (being alterations other than those under clause 16) to a proposed policy statement or plan, or to a change, at any time before the approval of the policy statement or plan*	***Retained by Council***
Preparation of changes to policy statement or plan		
293	By direction of the Environment Court under section 293 prepare changes to a proposed policy statement or plan that is before the Environment Court, consult about the changes and submit the changes to the Court for confirmation	*Tier 3 Policy*
Approval and making operative of proposed plan and policy statement		
Schedule 1, Clause 17	*Approval of Plan (other than regional coastal plan) and Policy Statement*	***Retained by Council***
Schedule 1, Clause 18	*Approval of regional coastal plan*	***Retained by Council***
Schedule 1, Clause 20	Publicly notify a date on which a policy statement or plan becomes operative	*Tier 3 Policy*
Private Plan Changes		
Schedule 1, Clauses 21 and 28	*Request a change (or withdraw a request) to a plan under Clauses 21 and 28 of the Schedule 1*	***Retained by Council***
Schedule 1, Clause 23(1) and 23(2)	Require by written notice, further or additional information in accordance with Clause 23	*Tier 3 Policy*
Schedule 1, Clause 23(3)	Commission a report in relation to a request made under Clause 21 and notify the person who made the request	*Tier 3 Policy*
Schedule 1, Clause 23(6)	*Reject a request made under Clause 21 where there is insufficient information to enable the Council to consider the request*	***Retained by Council***
Schedule 1, Clause 24	Modify a request made under Clause 21 (with the agreement of the person who made the request)	*Tier 3 Policy*
Schedule 1, Clause 25	*Make a decision under Clause 25 as to how to deal with a request made under Schedule 1 Clause 21*	***Retained by Council***
Schedule 1, Clause 27	Lodge and withdraw an appeal to the Environment Court against a decision by a local authority in relation to a request under Schedule 1 Clause 21	*See below (Court Proceedings - Resource Management Act 1991)*

Schedule 1, Clause 28	Give notice that request made under Clause 21 will be deemed to be withdrawn if not advised of wish to continue with request	*Tier 3 Policy*
Schedule 1, Clause 29	*May decline, approve, or approve with modifications the plan or change requested under Clause 21*	***Retained by Council***
Incorporation of documents by reference		
Schedule 1, Clause 34	Consult on proposal to incorporate material by reference in a proposed plan, variation or change in accordance with Schedule 1, Clause 34	*Tier 3 Policy*

Administrative charges and cost recovery

Administrative charges		
36(1)	*Fix administrative charges*	***Retained by Council***
36(5)	Power to require additional charges under s36	*Tier 3 Science* *Tier 5 Regulation*
36AA(1)	Determine any discount under section 36AA on an administrative charge imposed under section 36	*Tier 3 Science* *Tier 5 Regulation*
36AA(3)	*Adopt policy for discounting administrative charges*	***Retained by Council***
36AAB(1)	Power to remit the whole or part of a charge	*Tier 3 Science* *Tier 5 Regulation*
36AAB(2)	Authority to determine to not perform an action to which a charge applies until the charge has been paid in full	*Tier 3 Science* *Tier 5 Regulation*
Proposals of National Significance		
149ZD	Power to recover costs incurred by the Council from the applicant	*Tier 3 Science* *Tier 3 Regulation*
Emergency works		
331	Authority to seek reimbursement of Council's costs for emergency works	*Tier 2 GM Public Transport* *Tier 2 GM Catchment Management* *Tier 3 Regulation*

Proposals of national significance

142	*Request the Minister to call in a matter that is or is part of a proposal of national significance*	***Retained by Council***
149E	Power to make or withdraw a submission on behalf	*Tier 3 Regulation*

	of Council on matter of national importance	*Tier 3 Policy* *(see submissions policy)*
149F	Power to make or withdraw a further submission on a proposed plan, change or variation	*Tier 3 Regulation* *Tier 3 Policy* *(see submissions policy)*
149I	Power to withdraw a notified change or variation to a proposed plan subject to limits	*Tier 3 Regulation* *Tier 3 Policy*
149K	Power to make suggestions about who should be appointed to a board	*Tier 3 Regulation* *Tier 3 Policy*
149M	Prepare a proposed plan or change as directed by the board of inquiry	*Tier 3 Regulation* *Tier 3 Policy*
149N	Prepare a proposed plan or change in consultation with the applicant and serve a copy on the Environmental Protection Agency	*Tier 3 Regulation* *Tier 3 Policy*
149T	Power to give notice on Council's behalf under s274 of matter referred directly to the Environment Court	*Tier 3 Regulation* *Tier 3 Policy*
149V	Power to lodge appeal to the High Court on question of law on Council's behalf	*See below (Court Proceedings - Resource Management Act 1991)*
149ZD	Power to recover costs incurred by the Council from the applicant	*See above (Administrative charges and cost recovery)*

National environmental standards

44	Make a submission on a proposed national environmental standard	*Tier 3 Science* *Tier 4 Policy* *Tier 4 Regulation* *(see submissions policy)*
44A	Amend a plan or proposed plan to remove a duplication or conflict with a National Environmental Standard without using the process in Schedule 1	*Tier 2 GM Environment Management*

National policy statements

49	Make or withdraw a submission to a Board of	*Tier 2 GM Environment*

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	Inquiry on a proposed national policy statement	*Management* *Tier 2 GM Public Transport* *Tier 2 GM Catchment Management* *(see submissions policy)*
55(2)	Make amendments in section 55(2) without using the process in Schedule 1, to give public notice of those amendments and to make other amendments as required using the process in Schedule 1 as soon as practicable Limitation This power does not include amendments to a regional policy statement or plan	*Tier 2 GM Environment Management*
55(2)	*Make amendments in section 55(2) to a regional policy statement or plan without using the process in Schedule 1*	***Retained by Council***
55(3)	*Take any action directed by a national policy statement*	***Retained by Council***

Water Conservation Orders

Water Conservation Orders		
201	*Power to apply to the Minister for a Water Conservation Order*	***Retained by Council***
205	Power to make a submission to a tribunal concerning an application made under section 204	*Tier 3 Regulation* *Tier3 Policy* *(see submissions policy)*
211	Authority to represent GWRC at an inquiry conducted by the Environment Court under section 210 of this Act	*Tier 3 Policy* *Tier 6 Regulation*

Subdivision and reclamations

234	Apply to territorial authority to vary or cancel instrument creating esplanade strip on Council land	*Tier 2 GM Environment Management* *Tier 2 GM Public Transport* *Tier 2 GM Catchment Management*
237B	Acquire, on behalf of the Council, an easement over land	*Tier 2 GM Environment Management*

		Tier 2 GM Public Transport *Tier 2 GM Catchment Management*
237C	Close an esplanade strip or access strip to the public	*Tier 2 GM Environment Management* *Tier 2 GM Public Transport* *Tier 2 GM Catchment Management*
237D	Power to declare, subject to receiving agreement from the relevant territorial authority, that an esplanade reserve or bed of river or lake shall vest in the regional council	*Tier 2 GM Environment Management* *Tier 2 GM Public Transport* *Tier 2 GM Catchment Management*
245	Power to approve a plan of survey of a reclamation	*Tier 4 Regulation*
355A	Power to grant a coastal permit consenting to reclamation of land that had been reclaimed from coastal marine area unlawfully	*Tier 4 Regulation*
355B	Power to seek enforcement order against person who unlawfully reclaimed land from the coastal marine area and take any necessary action to remove unlawfully reclaimed land from the coastal marine area	*Tier 3 Regulation*

Occupation of the common marine and coastal area

165D	Power to refuse to receive applications for coastal permits	*Tier 3 Regulation*
165E	Power to grant a coastal permit authorising activity in aquaculture settlement area (to the extent authorised by section)	*Tier 3 Regulation*
165I	Duty to by public notice and in accordance with the regional coastal plan, offer authorisations for coastal permits for the occupation of space in the common marine and coastal area. Duty to give the Minister notice before making an offer of authorisation.	*Tier 3 Regulation*
369(4)	Power to grant a discharge permit or coastal permit to do something that would otherwise	*Tier 4 Regulation*

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	contravene section 15 and does not meet the minimum standards of water quality in certain circumstances	
Ministerial approval of use of method of allocating authorisations		
165L	*Request the Minister to approve a method for the allocation of authorisations for the space in the common marine and coastal area*	***Retained by Council***
165N	If the request under s165L is declined, publicly notify that applications may be made for coastal permits to occupy the space that was the subject of the request by public tender of authorisations.	*Tier 3 Policy*
165P	Duty to publicly notify authorisation method made by the Minister under 165N	*Tier 3 Policy*
Authorisations		
165X	*Accept, reject and call for offers for authorisations, negotiate with any person who made an offer and give written notice of the decisions with reasons*	***Retained by Council***
165Y	Duty to grant an authorisation if an offer is accepted or an agreement is reached under 165X	*Tier 3 Policy*
Ministerial powers in relation to applications for coastal permits to undertake aquaculture activities in common marine and coastal area		
165ZB and 165ZD	*Request the Minister of Aquaculture to suspend the receipt of applications for coastal permits to occupy space for the purpose of aquaculture activities*	***Retained by Council***
165ZD and 165ZFA	Provide further information on request of the Minister for Aquaculture	*Tier 3 Policy*
Ministerial power to direct applications for coastal permits to undertake aquaculture activities in common marine and coastal area to be processed and heard together		
165ZF	Request the Minister of Aquaculture to direct GWRC to process and hear together applications for coastal permits to occupy the space for the purpose of aquaculture activities	*Tier 3 Policy*
165ZD and 165ZFA	Provide further information on request of the Minister for Aquaculture	*Tier 3 Policy*
Processing and hearing applications for coastal permits		
165ZFE(4)	Determine an applicant's request to have all affected applications determined by the Environment Court	*Tier 3 Policy*
165ZFE(6)	Prepare a report under section 165ZFE(6) in accordance with section 87F(4) to (6)	*Tier 3 Policy*

165ZFE(11)	Cancel an applicant's affected application if applicant does not lodge a notice of motion	*Tier 3 Policy*
165ZFG	Provide views to Minister for Aquaculture on whether Minister should call in an affected application	*Tier 3 Policy*

Designations

Notice of Requirement		
168	Power to lodge and withdraw notice requirement to the territorial authority	*Tier 2 GM Environment Management* *Tier 2 GM Catchment Management*
169	Lodge or withdraw a submission	*See below(Lodging submissions)*
172	Power as requiring authority to accept, reject or modify a territorial authority's recommendations on requirements for a designation	*Tier 2 GM Environment Management* *Tier 2 GM Catchment Management*
174	Lodge, withdraw or oppose an appeal to the Environment Court	*See below(Court Proceedings – Resource Management Act 1991)*
176	Power to give written consent in relation to land subject to Council designation	*Tier 2 GM Environment Management*
176A	Submit an outline plan to the territorial authority Power to determine whether to make changes requested by territorial authority	*Tier 2 GM Catchment Management*
177	Power, as requiring authority to do anything in respect of land subject to existing designation or heritage order	*Tier 2 GM Environment Management* *Tier 2 GM Catchment Management*
178	Power as requiring authority, to give written consent to person wishing to conduct work on an area subject to a requirement for a designation.	*Tier 2 GM Environment Management* *Tier 2 GM Catchment Management*
179	Lodge, withdraw or oppose an appeal to the Environment Court against a refusal of consent by a requiring authority	*See below (Court Proceedings – Resource Management Act 1991)*
180	Power, as requiring authority to transfer rights and responsibilities for designations to another requiring authority	*Tier 2 GM Environment Management* *Tier 2 GM Catchment Management*

181	Power, as requiring authority to give notice to the territorial authority of its requirement to alter the designation	*Tier 2 GM Environment Management* *Tier 2 GM Catchment Management*
182	Power, as requiring authority, to determine that it no longer wants a designation or part thereof.	*Tier 2 GM Environment Management* *Tier 2 GM Catchment Management*
184	Power, as requiring authority to make a decision not to fix a longer period on a designation	*Tier 2 GM Environment Management* *Tier 2 GM Catchment Management*

Enforcement and compliance

Enforcement officers		
38	Appoint enforcement officers to carry out all or any of the functions and powers as an enforcement officer under the RMA.	*Chief Executive*
Enforcement orders		
316, 320	Power to apply to the Environment Court for an enforcement order or an interim enforcement order.	*Tier 3 Regulation*
318	Power and duty to be heard in respect of application	*Tier 4 Regulation*
321	Power, if directly affected, to apply to change or cancel an enforcement order	*Tier 3 Regulation*
Abatement notices		
325	Duty to respond to Environment Judge (if they so request) before a decision on an abatement notice appeal is made	*Tier 4 Regulation*
325A	Determine that an abatement notice be cancelled, changed or confirmed	*Tier 4 Regulation*
Other		
329	Issue a direction during a period of serious temporary shortage of water	*Tier 3 Regulation*
330	Power to action emergency works and/or other preventative measures to contain or minimise adverse effects on the environment	*Tier 2 GM Public Transport* *Tier 2 GM Catchment Management* *Tier 6 Regulation*
334	Authority to make application to the District Court for a warrant for entry for search where there are	*Tier 3 Regulation*

	reasonable grounds to believe an offence against the Resource Management Act 1991 has been or is suspected of having been committed that is punishable by imprisonment	*Tier 3 Science*
Offences		
338	Make decision for Council to prosecute for offences against Resource Management Act 1991.	*Tier 2 Environment Management and Tier 3 Regulation (acting jointly)*
338	Authority to file a charging document on decisions to prosecute for offences provided that such ability shall only be exercised once the decision to prosecute has been approved	*Tier 3 Regulation*
338	Authority to withdraw a charging document that has been laid in relation to a prosecution	*Tier 3 Regulation*
343C(4)	Commence, withdraw or join proceedings in respect of an offence to which an infringement notice relates	*Tier 4 Regulation*

Objections

357D	Determine any objection made under sections 357, and 357A and 357B <u>limitation</u> Power only applies where objection resolved and no hearing is required	*Tier 3 Regulation*
357, 357A & 357B	Power, as requiring authority, to object to certain decisions by territorial authorities	*Tier 2 GM Environment Management* *Tier 2 GM Public Transport* *Tier 2 GM Catchment Management*
357C	Power to agree to a resolution to an objection	*Tier 4 Regulation*

Approvals on behalf of the Council

General	Give, or decline to give, written approval on behalf of the Council to a resource consent application, and withdraw any written approval given	*Tier 3 Policy*
General	Give, or decline to give, written approval on behalf of the Council to a resource consent application, and withdraw any written approval given as a landowner or neighbour	*Tier 2 GM Corporate Services* *Tier 2 GM Environment Management* *Tier 2 GM, Catchment Management* *Tier 2 GM, Public Transport*

Acquisition

86	*Acquire land by agreement under the Public Works Act 1981*	*Tier 2 GM Corporate Services*
415	*Take, purchase, or acquire the whole or part of any deemed mining permit as a public work under the Public Works Act 1981 or by agreement or otherwise*	***Retained by Council***

Lodging submissions

44	Make a submission on a proposed national environmental standard	*Tier 2 GM Environment Management* *(see submissions policy)*
49	Make a submission to a Board of Inquiry on a proposed national policy statement in accordance with section 49	*Tier 2 GM Environment Management* *(see submissions policy)*
96	Lodge or withdraw a submission on behalf of the Council	*Tier 4 Policy* *(see submissions policy)*
149E, 149F	Lodge or withdraw a submission or further submission to the EPA	*Tier 3 Policy* *Tier 3 Regulation* *(see submissions policy)*
169, 190	Provide further information requested on Notice of Requirement Lodge or withdraw a submission	*Tier 2 GM Environment Management* *Tier 2 GM Catchment Management* *Tier 2 GM Public Transport* *(see submissions policy)*
293	Lodge or withdraw a submission or further submission on behalf of the Council	*Tier 3 Policy* *Tier 3 Science*
Schedule 1, Clause 6 and 8	Lodge or withdraw a submission or further submission on behalf of the Council	*Tier 4 Policy* *(see submissions policy)*

Court Proceedings - Resource Management Act 1991

Environment Court

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120	Lodge, withdraw or oppose an appeal to the Environment Court	*Tier 3 Regulation* *Tier 3 Science*
174, 179, 192, 195, Schedule 1, Clause 14, Clause 27	Lodge, withdraw or oppose an appeal to the Environment Court	*Tier 2 GM Environment Management* *Tier 2 GM Catchment Management* *Tier 2 GM Public Transport*
267	Authority to represent the Council at a conference and make decisions on matters that may reasonably be expected to arise at the conference	*Tier 4 Policy* *Tier 4 Regulation*
268	Agree or disagree that a member of the Environment Court who conducts an ADR process is not disqualified from resuming his or her role to decide a matter	*Tier 4 Policy* *Tier 4 Regulation*
268A	Settle a dispute or issues at stake at alternative dispute resolution sessions Make decisions on matters that may reasonably be expected to arise at the conference	*Tier 4 Policy* *Tier 4 Regulation*
272	Decide to appear at proceedings before the Environment Court and call evidence for the Council	*Tier 3 Policy* *Tier 4 Regulation*
274	Lodge, withdraw or oppose a notice of intention to become an interested party to Environment Court proceedings under section 274 As a section 274 party, oppose the withdrawal or abandonment of proceedings and step into the shoes of the appellant withdrawing the appeal	*Tier 3 Policy* *Tier 4 Regulation*
278 and 279	Seek, withdraw or oppose orders in accordance with sections 278 and 279 of the RMA	*Tier 2 GM Environment Management*
280	Power to apply to an Environment Judge for leave to make an application for review of order made by an Environment Commissioner. If leave is granted, may apply to the Environment Court for a review.	*Tier 2 GM Environment Management*
281	Lodge, withdraw or oppose an application for a waiver or direction in accordance with section 281 of the RMA	*Tier 3 Regulation*
281B	Lodge an application to an Environment Court Judge to reconsider the exercise of a power by a	*Tier 3 Regulation*

	Registrar	
285	Authority to approve an application for costs, respond to an application for costs, or waive the pursuit of costs in Court proceedings	*Tier 3 Regulation*
286	File an order for costs in the District Court	*Tier 3 Regulation*
291	Lodge, oppose or withdraw a Notice of Motion (or originating application) with the Environment Court seeking an order and give or withdraw notice of a wish to be heard on an application	*Tier 3 Regulation*
294	Apply to the Environment Court for a rehearing of proceedings	*Tier 2 GM Environment Management*
308G 311	Lodge, withdraw, join or oppose an application for declaration with the Environment Court	*Tier 2 GM Environment Management*
High Court		
149V	Power to lodge appeal to the High Court on question of law on Council's behalf	*Tier 3 Policy* *Tier 3 Regulation*
299 & 300	Lodge, withdraw, oppose or join an appeal to the High Court and any related applications or proceedings Settle a dispute or issues at stake at mediation or other dispute resolution sessions Approve Consent Memoranda, draft Consent Orders, side agreements or other documents required to settle a matter	*Tier 3 GM Environment Management*
301	Give or withdraw notice of intention to appear and be heard on appeal in High Court proceedings	*Tier 3 Regulation*
305	Lodge, withdraw, oppose or join an appeal to the High Court	*Tier 3 Regulation*
306	Lodge, withdraw or respond to an application for an extension of time	*Tier 3 Regulation*
Court of Appeal and Supreme Court		
308 RMA and Subpart 8 of Part 6 Criminal Procedure Act 2011	Lodge, withdraw, join or otherwise respond to an application for leave to appeal to the Court of Appeal, a Notice of Appeal to the Court of Appeal or any related applications or proceedings and be heard in relation to any application or proceedings. Settle a dispute or issues at stake at mediation or	*Tier 2 GM Environment Management*

other dispute resolution sessions.

Approve Consent Memoranda, draft Consent Orders, side agreements or other documents required to settle a matter.

Resource Management (Simplifying and Streamlining) Amendment Act 2009

Duty to determine applications or matters lodged before the commencement of this Act (1 October 2009) in line with the Resource Management Act 1991 in place at that time. This includes the powers, functions and duties preliminary to determining matters or applications under the RMA in place at that time.	*Tier 4 Regulation*

Resource Management Act 1991 Regulations

Resource Management (Measurement and Reporting of Water Takes) Regulations 2010

Clause 9	Approval to measure water taken each week (instead of each day)	*Tier 4 Regulation*
Clause 10	Approval to use device or system installed near (instead of at) location from which water taken	*Tier 4 Regulation*
Clause 11	Power to revoke approval granted under clause 9 or 10	*Tier 4 Regulation*

Resource Management (Forms, Fees, and Procedure) Regulations 2003

Clause 10A(2)	Power as consent authority to require a notice to be affixed in a conspicuous place	*Tier 4 Regulation*

Resource Management (Transitional, Fees, Rents an Royalties) Regulations 1991

5	Power to require additional fees for the costs associated with a hearing committee considering application for a restricted coastal activity	*Tier 5 Regulation*
6	Power to require administrative charges associated with monitoring and supervision of that resource consent	*Tier 5 Regulation*
7C	Power to fix an additional charge to recover actual or reasonable costs of administering, monitoring, and supervision of the permit, licence, or other authorisation	*Tier 5 Regulation*

greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

Report	**18.483**
Date	17 October 2018
File	CCAB-8-1957
Committee	**Council**
Author	**Mike Timmer, Treasurer**

WRC Holdings Limited Financial Statements for the year ended 30 June 2018

1. Purpose

To receive, as Shareholder, the audited financial statements of WRC Holdings Limited, for the year ending 30 June 2018.

2. Background

On 28 October 2018 the directors of WRC Holdings Limited approved the release of the 2017/18 financial statements.

The audited financial statements for WRC Holdings Limited will be provided (**Attachment 1**).

3. Comment

The financial statements of WRC Holdings Limited comprise Port Investments Limited, Greater Wellington Rail Limited, and CentrePort Limited Group. The financial statements include both parent and consolidated group financial information.

The group results are largely driven by earthquake insurance proceeds received by CentrePort, details of each company is summarised below.

4. Overview of the individual financial results

4.1 Port Investments Limited (PIL) – Summary

PIL parent has made an operating surplus before tax for the year of $456,000, compared to a deficit of $573,000 last year providing a favourable position against budget of $1.534 million.

The profit represents the difference between the dividend income from CentrePort and the interest cost to fund its $44 million loan used to pay for its $44 million investment in CentrePort shares.

PIL received a dividend of $1.581 million from CentrePort during the year, which was not planned in the SOI.

PIL owns $10/13^{th}$ (76.9%) of CentrePort. Its share of CentrePort's equity of $234.4 million as at 30 June 2018 amounts to $180.3 million. This shows an indicative book gain of $136.3 million ($108.5 million gain in 2017) since the shares were purchased from Council back in the late 1990's.

4.2 Greater Wellington Rail Limited (GWRL) - Summary

The financial result after tax is a deficit of $13.8 million; this was against a budget of $12.1 million. The main variance related to rates additional cost relating to the Ganz Mavag storage and disposal, higher carriage depot costs and higher depreciation.

All costs, except depreciation, asset revaluations, interest and the like, are met from grants from GWRC and other revenue.

The residual costs of depreciation amounting to $18.6 million and the deferred tax benefit of $4.8 million make up the $13.8 million deficit.

The balance sheet has seen equity decrease by $6.3 million, which is comprised of $7.5 million of equity contributed by WRC Holdings Limited for capital expenditures, offset by an operating loss of $13.8 million.

Total assets have increased by $11.4 million, reflecting capex additions less an allowance for depreciation during the year.

4.3 CentrePort Limited - Summary

CentrePort posted a $15.219 million operating profit before tax, fair value adjustments, asset revaluations and before earthquake related costs.

This operating result includes $8.5 million of Business Interruption (BI) revenue which is a non-reoccurring item as BI revenue will end in September this year being 3 years since the earthquakes.

This result is less than its Statement of Intent target of $20.1 million and relates to $2.7 million of additional costs relating to increased insurance premiums, earthquake claim preparation costs and settlement of a Worksafe claim. A further budgeted adjustment on the value of their debt instruments in their Joint Venture did not eventuate this being a timing issue.

The bottom line result after earthquake receipts and fair value adjustments and provisions was a profit of $38.1 million.

There were a number of adjustments in CentrePort's accounts, the most notable are receipt of insurance proceeds of $55 million (applied and offset against temporary works costs and business interruption, and preliminary material damage estimates).

There were in aggregate $17 million of non-operating adjustments the large one being a net $17.6 million write up of their Associates being the Joint

Venture arrangements relating to the BNZ building, last year's accounts had the building being repaired compared to this year where insurance proceeds are assumed to be received.

CentrePort declared and paid a $2 million dividend for the 2018/17 year which was at variance to the budget of no dividend.

The level of Equity in the balance sheet has increased from $198 million to $234 million as a result of the $38 million profit, offset by the $2 million dividend.

The level of assets has increased by $24 million reflecting to the write up noted above and the capex spend being more than the level of depreciation.

Borrowings have increased from nil last year to $22 million at 30 June 2018.

4.4 WRC Holdings Limited

WRC Holdings Limited, as parent, reported a net loss for the year of $104,000 which compares to a budget loss of $102,000.

5. WRC Holdings Limited Group Financial performance - Statement of Intent (SOI)

$(000)	**Actual 2018 $000**	**Target 2018 $000**	**Actual 2017 $000**
Net Surplus Before Tax	23,776	77,319	48,628
Net Surplus After Tax	23,069	78,082	36,166
Earnings before interest, tax & depreciation (EBITD)	60,016	104,993	82,941
Return on Total Assets	5.13%	17.00%	8.00%
Return on Equity (excluding revaluations)	3.08%	11.90%	5.35%
Shareholders Equity to Total assets	65.81%	66.20%	61.09%
Dividends $000	-	-	-

The above table shows the SOI performance indicators against the target budget plan, with last year's result as a comparison.

Net Surplus before tax: The variance relates to lower insurance receipts than budgeted (CentrePort received a large payment just before 30 June after the budget was struck), higher expenditures including finance costs by CentrePort offset by a lesser extent by higher Port revenues and write up of Associates companies relating to the BNZ building

Net Surplus after tax: The variance is impacted in the same way as the net deficit before tax as above.

Earnings before interest, tax and depreciation (EBITD): The variance is impacted by the net surplus before tax as noted above, but reduced and offset by higher interest costs in CentrePort and depreciation in both CentrePort and GWRL.

Return on total assets: The variance to target is predominately due to a lower EBIT, offset by a much lesser extent by lower asset levels.

Return on equity: The variance to target is predominately due to lower net surplus after tax as noted above but offset to a lesser extent by lower levels of equity in CentrePort and to a lesser extent in GWRL.

Dividend: There is no dividend paid by WRCH to Council as the dividend from CentrePort was small and retained to boost equity in PIL as it had been eroded over the two prior years due to the earthquakes.

The bottom line result – is a $23.1 million surplus and is composed of $13.8 million deficit in GWRL, a $38.1 million surplus in CentrePort offset by the results in PIL and WRC parent companies.

The non- financial measurers – Theses are reported on page 5 of the **Attachment 1** – WRC Holdings Group Financial statements.

Points of note are partial achievement of three of CentrePort's environmental performance targets. These relate to environmental incident and noise complains having not reduced from the prior year plus an emission intensity plan remains in development.

6. Communication

The Financial Report has been placed on the Council's website.

7. Consideration of Climate Change

The matters requiring decision in this report have been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide.

7.1 Mitigation assessment

Mitigation assessments are concerned with the effect of the matter on the climate (i.e. the greenhouse gas emissions generated or removed from the atmosphere as a consequence of the matter) and the actions taken to reduce, neutralise or enhance that effect.

Officers have considered the effect of the matter on the climate. Officers recommend that the matter will have no effect.

7.2 Adaptation assessment

Adaptation assessments relate to the impacts of climate change (e.g. sea level rise or an increase in extreme weather events), and the actions taken to address or avoid those impacts.

Officers have considered the impacts of climate change in relation to the matter. Officers recommend that climate change has no bearing on the matter.

8. The decision-making process and significance

The matter requiring decision in this report has been considered by officers against the requirements of Part 6 of the Local Government Act 2002.

8.1 Significance of the decision

Officers have considered the significance of the matter, taking into account the Council's significance policy and decision-making guidelines. Due to the procedural nature of this decision officers recommend that the matter be considered to have low significance.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

7.2 Engagement

Due to its procedural nature and low significance, no engagement on this matter has been undertaken.

9. Recommendations

That the Council:

1. ***Receives*** *the report.*
2. ***Notes*** *the content of the report.*
3. ***Receives,*** *as sole shareholder, the 2017/18 financial statements of WRC Holdings Limited.*

Report prepared by:	Report approved by:	Report approved by:
Mike Timmer Treasurer	**Dave Humm** Chief Financial Officer	**Samantha Gain** General Manager Corporate Services (Acting)

Attachment 1: Audited WRC Holdings Limited – 2017/18 Financial Statements.
Attachment 2: Letter from WRC Holding Chair to Council Chair delivering the financial statements.

WRC Holdings Limited
Financial Statements
for the year ended 30 June 2018

Contents

Directory

Directors	**Appointed**
S H Sharif (Chair)	12 August 2015
P M Lamason (Deputy Chair)	18 November 2010
B H Donaldson	21 November 2013
R W G Blakeley	29 November 2016
I D McKinnon	29 November 2016
N O Leggett	12 October 2017

Registered office

Shed 39, 2 Fryatt Quay,
Pipitea, Wellington 6011

Auditor

Jacques Coetzee
Audit New Zealand
on behalf of the Auditor-General

Bankers

ANZ Bank New Zealand Ltd

WRC Holdings Limited
Directors' Report
30 June 2018

The Directors have pleasure in submitting their Annual Report including the financial statements of WRC Holdings Ltd and its subsidiaries (the Group) for the year ended 30 June 2018.

Principal Activities

WRC Holdings Limited (the Parent Company) is the investment holding company of Wellington Regional Council. The WRC Holdings Limited Group (the Group) consists of WRC Holdings Limited, its wholly owned subsidiaries, Port Investments Limited, Greater Wellington Rail Limited, and is a 76.9% owner of CentrePort Limited.

CentrePort owns and operates the Port of Wellington and related facilities at Seaview. It also owns and operates a number of commercial properties.

Greater Wellington Rail Limited owns and manage rail rolling stock and rail infrastructural assets.

The Group's primary objectives

Support Wellington Regional Council's strategic vision, operate as a successful, sustainable and responsible business.

Own Wellington Regional Council's interest in CentrePort Ltd, to maximise the commercial value of CentrePort to the shareholders and to protect the shareholders' investment, including land and property, while maintaining the CentrePort's strategic value to the economy of the region.

CentrePort owns and operates the Port of Wellington and related facilities at Seaview and Miramar. It also owns and operates a number of commercial properties.

Achieve the objectives and performance targets of the shareholder

Own Greater Wellington Rail Limited, manage rail rolling stock and infrastructural assets.

The financial objectives of the Group shall be to:

Provide a commercial return to shareholders.

Manage its assets prudently.

Adopt policies that prudently manage risk and protect the investment of shareholders.

Conduct its affairs in accordance with sound business practice.

The environmental objectives of the Group shall be to:

Operate in an environmentally responsible and sustainable manner.

Minimise the impact of any of the Group's activities on the environment.

Engage with stakeholders on environmental matters.

Ensure regulatory compliance

Develop a culture of awareness and responsibility

The social objectives of the Group shall be to:

Provide a safe and healthy workplace, that provides opportunities and skills to enhance our employees

Participate in development, cultural and community activities within the regions in which the Group operates.

Help sustain the economy of the region, with high quality port services to support international and coastal trade.

The WRC Holdings Group largely met all its objectives as set out in the 2017/18 SOI and Wellington Regional Council's 10 year plan 2015-2025 with exception of some of its financial performance targets and a number of CentrePorts performance targets, mostly attributable to the November 2016 earthquakes.

Contribute to the desired outcome of the Wellington Regional Strategy.

The nature and scope of activities undertaken by the group are consistent with those set in the 2017/18 Statement of Intent and Wellington Regional Council's LTP.

Statement of Service Performance

FINANCIAL PERFORMANCE TARGETS

Financial WRCH group results compared with Statement of Intent (SOI) Targets:

	Actual 2018 $'000	Target 2018 $'000	Actual 2017 $'000
Net (deficit) / surplus before tax	**23,776**	**77,319**	48,628
Net (deficit) / surplus after tax	**23,069**	**78,082**	36,166
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**60,016**	**104,993**	82,941
Return on Shareholder's equity (1)	**3.08%**	**11.90%**	5.35%
Return on total assets (2)	**5.13%**	**17.00%**	8.00%
Shareholders equity to total assets	**65.81%**	66.20%	61.09%
Dividends	**-**	**-**	-
WRC Holdings - Parent			
Dividend distribution	**-**	**-**	-
Dividend distribution %	**- %**	**- %**	- %
Return on equity (1)	**(0.05)%**	**- %**	(0.04)%
Return on assets (2)	**0.34%**	**0.40%**	(0.03)%
Shareholders funds to total assets	**83.4%**	**84.2%**	82.0

(1) based on WRCH holdings share of net surplus after tax but excluding revaluation gains and losses divided by average equity less minority interest.
(2) based on earnings before interest, tax, depreciation and amortisation divided by average assets.

The above 2018 financial results are calculated on the same basis as previous year.

Net (deficit) / surplus before tax

The Group posted net surplus before tax of $23.78 million (2017: deficit of $48.63 million) compared to a budget surplus before tax of $77.32 million for the year.

The main drivers for the variance to target are lower insurance proceeds than budgeted (CentrePort received a large payment before the start of the year after the budget was struck), higher expenditure including finance costs by CentrePort offset by a less extent higher Port revenues and the write up of Associate companies relating to the BNZ building.

Net (deficit) / surplus after tax

The net surplus after tax was $23.07 million (2017: surplus of $36.17 million), compared to a budget surplus after tax of $78.08 million. The variance is impacted, as in the net deficit before tax as above.

Earnings before interest, tax, depreciation and amortisation (EBITDA)

EBITDA was $60.01 million (2017: $82.94 million) compared to a budget of $105.00 million.

This variance is impacted as in the net deficit before tax above, but reduced and offset by higher interest costs in CentrePort and depreciation in both CentrePort and GWRL.

Return on total assets

This target is calculated as earnings before interest and tax (EBIT) and expressed as a percentage of average total assets. As at 30 June 2018, return on total assets was 5.13% (2017: 8.0%).

The variance to target is predominately due to lower EBIT, offset by a much lesser extent by lower assets levels.

Return on shareholder's equity

This target is calculated as net surplus after tax (after deduction of minority interest) as a percentage of average shareholder equity (excluding minority interest). As at 30 June 2018, the return on shareholders' equity was 3.08% (2017: 5.35%), compared to a budget of 17.0%.

The variance to target is predominately due to lower net surplus after tax as noted above but offset to a lesser extent by lower level of equity in CentrePort and to a lesser extent GWRL.

Shareholder's equity to total assets

As at 30 June 2018 the ratio of shareholders equity to total assets stood at 65.81% (2017: 61.09%) and compared to a budget of 66.20%.

The result is slightly lower than budget with both assets and equity lower than budget. Equity however has reduced relatively more.

Dividends paid (or payable to the shareholders)

No dividend paid to the shareholders during the year (2017: nil).

WRC HOLDINGS - OPERATIONAL PERFORMANCE MEASURES

WRC Holdings to act as a responsible and inquiring Shareholder.

The Board has close liaison with its partners, Wellington Regional Council who manage the Rail operations in conjunction with Transdev Wellington, CentrePort who manage the Port operations, and the Wellington Regional stadium Trustees who manager the operations of the Stadium. These bodies regularly report and meet with the respective Boards of the WRC Holdings Limited Group.

WRC Holdings meet at least six times a year to review the operational and financial position of the companies and Group.

WRC Holdings Board met a scheduled 7 times during the year plus had two additional meetings to discuss particular issues.

WRC Holdings Group to report quarterly on the financial performance of WRC Holdings Group to Council.

The results of WRC Holdings are reported quarterly to Council and are supplemented with a presentation from the Chair of WRC Holdings.

WRC Holdings Group to present quarterly on WRC Holding Group activities to Council and to keep Council informed of significant matters as they occur.

WRC Holdings Chair has reported to Council quarterly over the course of the last financial year.

Statement of Intent and Annual Accounts are delivered in compliance with statutory requirements.

The draft statement of Intent and the final statement of Intent were delivered to Council as required by the Local Government Act also the annual financial statements were provided in accordance with section 67 (1) of the Local Government Act.

FINANCIAL PERFORMANCE MEASURES - WRC Holdings Parent

The financial performance targets for WRC Holdings parent are on budget, with the exception of the Shareholders funds to total assets, which is lower due to lower share calls required by Greater Wellington Rail to fund its capital expenditure programme related to timing of this expenditure.

ENVIRONMENT PERFORMANCE TARGETS

Planned Target

Operate in an environmentally and sustainable manner and realise opportunities to be more sustainable.

Minimise the impact of any of the Group's activities on the environment.

Develop a culture of awareness of environmental issues within the Group.

Ensure regulatory compliance.

Actual Performance

The Group has complied with all of its resource consents.

WRC Holdings via Wellington Regional Council operates in a sustainable environmental manner, by minimising on environmental impacts, and raising awareness within the Group. These include but not limited to such activities as choosing vehicles with the lowest environmental impact, and supporting public transport usage.

CentrePort has partially achieved its environmental targets as set down in its Statement of Intent 2017/18, as reported in the Financial Statements of Port Investments Limited for the year ended 30 June 2018. Some of the objectives are still in progress or is being deferred.

SOCIAL PERFORMANCE TARGETS

Planned Target - WRC Holdings Group

To provide a safe and healthy workplace

To help sustain the economy of the region

To participate in development, cultural and community activities within the region in which the Group operates.

Actual Performance

The Group through Wellington Regional Council provides a safe and healthy working place and is supported with the development of regional cultural and community activities.

The Group through Wellington Regional Council's Economic Development Agency assists with regional economic sustainability.

The Group via CentrePort to participate in development of the cultural and community activities within the region.

Greater Wellington Rail Limited provides Rail rolling stock and Infrastructure which assists with the region's economic sustainability by reducing roading congestion.

CentrePort has achieved its social performance targets as set down in its statement of intent 2017/18 as reported in the financial statements of Port Investments Limited for the year ended 30 June 2018.

Directors Information

Directors holding office for the Parent and its 100% owned subsidiaries during the year were:

S H Sharif (Chair)
P M Lamason (Deputy Chair)
B H Donaldson
R W G Blakeley
I D McKinnon
N O Leggett

Remuneration of Directors of the Parent Company

Details of Directors' remuneration are as follows:

	2018 $'000	2017 $'000
S H Sharif (Chair)	**11**	8
P M Lamason (Deputy Chair)	-	3
P Blades (resigned)	-	2
B H Donaldson	-	-
I D McKinnon	-	-
R W G Blakeley	-	-
N O Leggett	5	-
	16	13

Relevant entries in the Interests Register

Disclosure of interests by Directors for the year ended 30 June 2018:

S H Sharif (Chair)

Flirtey Limited (Director)

Coastal Oil Logistics Limited (Independent adviser)

Greater Wellington Rail Limited (Director)

Port Investments Limited (Director)

WRC Holdings Limited (Director)

Motor Trades Association Group (Director)

Animal Control Products Limited (Director)

NZ Standards Approval Board (Member)

NZ Institute of Safety Management Inc (Member of Advisory Board)

MTA Group Investments Limited (Director)

Everest Enterprises Lmited (Director and shareholder)

P M Lamason (Deputy Chair)

Wellington Regional Council (Councillor)

Hutt Mana Charitable Trust (Deputy Chair and Trustee)

She Trust (Trustee)

Hutt Valley District Health Board (Member)

Britannia House (Trustee)

WRC Holdings Limited (Director)

Port Investments Limited (Director)

Greater Wellington Rail Limited (Director)

B H Donaldson

Wellington Regional Council (Councillor)

Port Investments Limited (Director)

WRC Holdings Limited (Director)

Greater Wellington Rail Limited (Director)

R W G Blakeley

Wellington Regional Council (Councillor)

Greater Wellington Rail Limited (Director)

WRC Holdings Limited (Director)

Port Investments Limited (Director)

Capital and Coast District Health Board (Member)

I D McKinnon

Wellington Regional Council (Councillor)

Port Investments Limited (Director)

WRC Holdings Limited (Director)

Greater Wellington Rail Limited (Director)

N O Leggett

WRC Holdings Limited (Director)

Port Investments Limited (Director)

Greater Wellington Rail Limited (Director)

NZ Alcohol Beverages Council (Executive Director)

Spark Foundation (Chair)

Hutt Mana Charitable Trust (Trustee)

Collins Commercial Limited (Broker)

Directors' Interest Register

Directors have had no interest in any transaction or proposed transactions with the Group.

Directors' Insurance

The Company has arranged Directors' and Officers' Liability insurance cover to indemnify the Directors against loss as a result of actions undertaken by them as directors and employees respectively, provided they operate within the law. This disclosure is made in terms of section 162 of the Companies Act 1993.

Directors' Use of Company Information

The board received no notices during the year from Directors requesting use of company information received in their capacity as Directors which would not have otherwise been available to them.

Remuneration of Employees

The Parent Company and all its 100% owned subsidiaries have no employees. The 76.9% owned subsidiary, CentrePort Limited and its group of subsidiaries who received remuneration and other benefits in excess of $100,000 are tabulated below:

	Number of current employees
$100,001 - $110,000	**22**
$110,001 - $120,000	**25**
$120,001 - $130,000	**13**
$130,001 - $140,000	**12**
$140,001 - $150,000	**5**
$150,001 - $160,000	**2**
$160,001 - $170,000	**2**
$170,001 - $180,000	**1**
$180,001 - $190,000	**4**
$190,001 - $200,000*	**1**
$210,001 - $220,000*	**6**
$230,001 - $240,000	**1**
$240,001 - $250,000	**2**
$280,001 - $290,000	**1**
$300,001 - $310,000*	**1**
$380,001 - $390,000*	**1**
$500,001 - $510,000*	**1**
	100

* These amounts include variable performance related remuneration benefits

The Auditor-General is the appointed auditor in accordance with section 15 of the Public Audit Act 2001 and section 70 of the Local Government Act 2002. The Auditor-General has appointed Jacques Coetzee of Audit New Zealand to undertake the audit.

For, and on behalf of, the Board of Directors

Director

September 28, 2018

Director

September 28, 2018

WRC Holdings Limited
Statement of Comprehensive Revenue and Expense
For the year ended 30 June 2018

	Notes	Group 2018 $'000	Group 2017 $'000	Parent 2018 $'000	Parent 2017 $'000
REVENUE					
Operating revenue		**92,679**	80,715	**1,047**	1,146
Share of associate profit accounted for using the equity method	12	**22,999**	(18,614)	**-**	-
Total revenue	3	**115,678**	62,101	**1,047**	1,146
Earthquake related costs:					
Insurance deductible expenses	4	**(33,628)**	(19,305)	-	-
Impairment of assets	4	**(2,596)**	(63,968)	-	-
Insurance progress payment receivable	4	**55,583**	166,042	-	-
Gain / (loss) in fair value movements:					
Loss on disposal / revaluation		**(438)**	(97)	-	-
Fair value gain on financial instruments - CentrePort		**8,778**	10,330	-	-
Fair value of investment properties - CentrePort		**(826)**	-	-	-
EXPENDITURE					
Expenses, excluding finance costs	3	**(106,353)**	(95,762)	**(157)**	(138)
Finance costs	3	**(12,422)**	(10,713)	**(994)**	(1,083)
(Deficit) / surplus before taxation and subvention payment		**23,776**	48,628	**(104)**	(75)
Income tax benefit / (expense)	5	**(707)**	(12,462)	**-**	-
Profit from continuing operations		**23,069**	36,166	**(104)**	(75)
Net (deficit) / surplus after tax for the year		**23,069**	36,166	**(104)**	(75)
Other comprehensive revenue and expenditure					
Revaluation gain/(loss) on infrastructure assets after tax		**-**	(54,113)	**-**	-
Deferred tax recognised in reserves		**-**	50	**-**	-
Other comprehensive income for the year, net of tax		**-**	(54,063)	**-**	-
Total comprehensive income (loss) for the year		**23,069**	(17,897)	**(104)**	(75)
Total comprehensive revenue and expenditure for the year is attributable to:					
Owner of WRC Holdings Limited		**14,269**	(17,897)		
Non-controlling interest		**8,800**	-		
		23,069	(17,897)		

The accompanying notes form part of these financial statements.

Statement of changes in equity

For the year ended 30 June 2018

Group	Notes	Attributable to equity holders of the Company Contributed Equity $'000	Revaluation Reserves $'000	Retained earnings $'000	Non-controlling interest $'000	Total $'000
Balance as at 1 July 2016		231,215	53,169	168,323	46,459	499,166
Total Comprehensive Income for the Year		-	-	24,220	11,946	36,166
Contributed Equity		17,780	-	-	-	17,780
Increase / (Decrease) in Revaluation reserve		-	(41,591)	-	(12,472)	(54,063)
Transfer		-	(54)	54	-	-
Dividends		-	-	-	(162)	(162)
Balance as at 30 June 2017		248,995	11,524	192,597	45,771	498,887

Group	Notes	Attributable to equity holders of the Company Share Capital $'000	Revaluation Reserves $'000	Retained earnings $'000	Non-controlling interest $'000	Total $'000
Balance as at 1 July 2017		248,995	11,524	192,597	45,771	498,887
Total Comprehensive Income for the Year		-	-	14,269	8,800	23,069
Contributed Equity		7,450	-	-	-	7,450
Dividends		-	-	-	(461)	(461)
Balance as at 30 June 2018		256,445	11,524	206,866	54,110	528,945

The accompanying notes form part of these financial statements.

WRC Holdings Limited
Statement of Changes in Equity
For the year ended 30 June 2018
(continued)

Parent	Notes	**Attributable to equity holders of the Company**		
		Share Capital $'000	**Retained earnings $'000**	**Total equity $'000**
Balance as at 1 July 2016		231,215	(31,235)	199,980
Profit or loss for the year		-	(75)	(75)
Contributed equity		17,780	-	17,780
Balance as at 30 June 2017		248,995	(31,310)	217,685

Parent	Notes	**Attributable to equity holders of the Company**		
		Share Capital $'000	**Retained earnings $'000**	**Total equity $'000**
Balance as at 1 July 2017		248,995	(31,310)	217,685
Profit or loss for the year		-	(104)	(104)
Contributed equity		7,450	-	7,450
Balance as at 30 June 2018		256,445	(31,414)	225,031

The accompanying notes form part of these financial statements.

WRC Holdings Limited
Statement of Financial Position
As at 30 June 2018

	Notes	Group 2018 $'000	Group 2017 $'000	Parent 2018 $'000	Parent 2017 $'000
ASSETS					
Current assets					
Cash and cash equivalents	15	**2,313**	221	**4**	4
Trade and other receivables	6	**9,257**	7,112	**93**	76
Inventories	7	**1,351**	1,423	**-**	-
Current tax receivables		**-**	601	**-**	-
Insurance Receivable		**59,268**	62,685	**-**	-
Current accounts - Greater Wellington Regional Council		**8,119**	6,271	**3,208**	3,314
Total current assets		**80,308**	78,313	**3,305**	3,394
Non-current assets					
Property, plant and equipment	8	**533,127**	536,928	**-**	-
Intangible assets	9	**3,212**	3,287	**-**	-
Investments in subsidiaries	10	**-**	-	**221,903**	214,453
Investments in joint venture	12	**74,584**	59,397	**-**	-
Advances to subsidiaries	10	**-**	-	**44,000**	44,000
Investment properties	11	**18,180**	16,772	**-**	-
Deferred tax assets	13	**2,938**	2,947	**-**	-
Total non-current assets		**632,041**	619,331	**265,903**	258,453
Total assets		**712,349**	697,644	**269,208**	261,847
LIABILITIES					
Current liabilities					
Trade and other payables		**14,959**	9,325	**97**	83
Interest bearing liabilities	14	**22,040**	145	**-**	-
Provisions for employee entitlements	16	**3,523**	3,153	**-**	-
Total current liabilities		**40,522**	12,623	**97**	83
Non-current liabilities					
Interest bearing liabilities	14	**44,080**	80,080	**44,080**	44,080
Provision for employee entitlements		**645**	752	**-**	-
Derivatives	22	**-**	8,778	**-**	-
Deferred tax liabilities	13	**98,157**	96,524	**-**	-
Total non-current liabilities		**142,882**	186,134	**44,080**	44,080
Total liabilities		**183,404**	198,757	**44,177**	44,163
Net assets		**528,945**	498,887	**225,031**	217,684
EQUITY					
Contributed equity	18	**256,445**	248,995	**256,445**	248,995
Reserves		**11,524**	11,524	**-**	-
Retained earnings		**206,866**	192,597	**(31,414)**	(31,311)
Non-controlling interest	19	**54,110**	45,771	**-**	-
Total equity		**528,945**	498,887	**225,031**	217,684

For, and on behalf of, the Board of Directors.

Director
September 28, 2018

Director
September 28, 2018

The accompanying notes form part of these financial statements.

WRC Holdings Limited
Statement of Cash Flows
For the year ended 30 June 2018

	Notes	Group 2018 $'000	Group 2017 $'000	Parent 2018 $'000	Parent 2017 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was provided from:					
Receipts from customers		**71,377**	64,703	**-**	-
Dividend income received		**500**	1,213	**-**	3,691
Rental income		**6,599**	6,166	**-**	-
Interest income received		**137**	183	**1,044**	1,141
Income tax refund		**1,535**	-	**-**	-
Subsidies		**12,184**	10,639	**-**	-
Sale of inventory		**-**	12,149	**-**	-
		92,332	95,053	**1,044**	4,832
Cash was disbursed to:					
Payments to suppliers and employees		**(76,555)**	(75,202)	**(156)**	(137)
Business Interruption - temporary work		**33,628**	19,305	**-**	-
Business Interruption - loss of rents		**8,477**	8,985	**-**	-
Income taxation paid		**-**	-	**-**	-
Interest expense paid		**(12,594)**	(11,411)	**(994)**	(1,083)
Temporary work		**(36,678)**	(19,305)	**-**	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	21	**8,610**	17,425	**(106)**	3,612
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was provided from:					
Cash balance from Joint Venture		**16,758**	-	**-**	-
Proceeds from sale of Property, Plant & Equipment		**229**	6,696	**-**	-
Earthquake insurance payment received		**16,895**	75,066	**-**	-
Cash was applied to:					
Purchase of Property, Plant & Equipment		**(14,730)**	(38,680)	**-**	-
Development of Investment Properties		**(2,707)**	(2,076)	**-**	-
Purchase of Intangibles		**(159)**	-	**-**	-
Subsidiary company shares		**-**	-	**(7,450)**	(17,780)
Purchase of Intangibles		**-**	-	**-**	-
Acquisition of Joint Venture		**(7,750)**	-	**-**	-
Other transfers		**(90)**	-	**-**	-
Earthquake capital expenditure		**(6,141)**	(2,357)	**-**	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		**2,305**	38,649	**(7,450)**	(17,780)
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash was provided from:					
Proceeds from borrowings		**-**	30	**-**	30
Issue of ordinary shares		**7,450**	17,780	**7,450**	17,780
Cash was applied to:					
Borrowings repaid		**(18,000)**	(66,000)	**-**	-
Movement in current account		**(1,848)**	(4,916)	**106**	(64)
Dividends paid to shareholders		**(462)**	(3,740)	**-**	(3,578)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(12,860)**	(56,846)	**7,556**	14,168
Net increase / (decrease) in cash, cash equivalents & bank overdraft at year end		**(1,945)**	(772)	**-**	-
Add opening cash, cash equivalents / (overdraft) brought forward		**221**	993	**4**	4

The accompanying notes form part of these financial statements.

WRC Holdings Limited
Statement of Cash Flows
For the year ended 30 June 2018
(continued)

CASH, CASH EQUIVALENTS & BANK OVERDRAFT AT YEAR END	15	**(1,724)**	221	**4**	4

The accompanying notes form part of these financial statements.

1 Statement of compliance

The "Group" consists of WRC Holdings Limited, its wholly owned subsidiaries, Port Investments Limited, Greater Wellington Rail Limited, and its 76.9% subsidiary CentrePort Limited, together with its subsidiaries, as disclosed in note 10. WRC Holdings principal address is 2 Fryatt Quay, Wellington, New Zealand.

WRC Holdings provides transport, infrastructure, buildings and port facility and operations to the Greater Wellington region via its subsidiaries, for community and social benefit, rather than to make a financial return. Accordingly WRC Holdings has designated its self as public benefit entities (PBE's) and applies New Zealand Tier 1 Public Sector Public Benefit Entity accounting standards (PBE Accounting Standards).

The financial statements are presented in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 2013 and the Local Government Act 2002 and New Zealand Generally Accepted Accounting Practices (NZ GAAP).

These financial statements are presented in accordance with Tier 1 PBE Accounting Standards, and comply with PBE Standards.

Unless otherwise stated, all amounts are rounded to $000 and are expressed in New Zealand currency.

2 Statement of accounting policies

(a) Basis of preparation

The financial statements have been prepared on the basis of historical cost except for the revaluation of operational port freehold land, investment properties and financial instruments as outlined below.

Cost is based on the fair value of the consideration given in exchange for assets.

For the purposes of financial reporting, WRC Holdings is designated as a public benefit entity. The subsidiary companies comprise, Port Investments Limited, Greater Wellington Rail Limited, and CentrePort Limited. All subsidiaries, except Greater Wellington Rail Limited, are designated as profit-oriented entities. Greater Wellington Rail is designated as a public benefit entity.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements with those used at 30 June 2018.

There have been no changes in accounting policies during the financial year.

Specific accounting policies

The specific accounting policies adopted in the preparation of these financial statements, which materially affect the measurement of the statement of comprehensive revenue and expenditure, statement of movements in equity, balance sheet and cash flows are set out below:

(b) Critical accounting estimates and judgements

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Detailed information about each of these estimates and judgements is included in the notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving significant estimates or judgements are:

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

Income tax calculations (note 5)

Revenue recognition relating to insurance revenue and accounting for earthquake costs (note 4) including joint ventures and associates (note 12).

Fair value of Port land (note 8)

Earthquake uncertainties in the accounting for Harbour Quays Special Purpose Vehicles (SPV's) (note 12)

Impairment of Port assets held at cost (note 8)

(c) Basis of consolidation

The Group financial statements include WRC Holdings Limited (the Parent) and its subsidiaries. Control is achieved when the Parent is exposed, or has rights, to variance returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent controls an investee if and only if the Parent has all of the following:

• power over the investee (i.e. existing rights that give it the current ability to direct and relevant activities of the investee);

• exposure, or rights, to variable returns from its involvement with the investee; and

• the ability to use its power over the investee to affect its returns.

Other facts that must also be considered include:

• potential voting rights held by the Company, other vote holders or other parties;

• rights arising from other contractual arrangements; and

• any additional facts or circumstances that indicate the Company has, or does not have, the current ability to direct the relevant activities at the time the decisions need to be made, including voting patterns at previous shareholders' meetings.

• the size of the Company's holding of voting rights relative to the size and dispersion of holdings of other vote holders;

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the Group loses control of a subsidiary, a gain or loss is recognised in revenue and expenditure and is calculated as the difference between (i) the aggregate of the fair value of consideration received and the fair value of any returned interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive revenue and expenditure and accumulated in equity, the amounts previously recognised in other comprehensive revenue and expenditure and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to revenue and expenditure or transferred directly to retained earnings as specified by applicable PBE Accounting Standards).

Consolidation of a subsidiary begins when the Parent obtains control over the subsidiary and ceases when the Parent loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Parent gains control until the date when the Parent ceased to control the subsidiary. Refer to note 10

All intra-group transactions are eliminated on consolidation. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

(d) Statement of cash flow

The following are the definitions used in the statement of cash flow:

(i) Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within cash.

(ii) Investing activities are those activities relating to the acquisition and disposal of property, plant and equipment, investment property, intangible assets and joint ventures. Investments include securities not falling within the definition of cash.

(iii) Financing activities are those activities that result in the changes in size and composition of the capital structure of the Group. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to capital structure are included in financing activities.

(iv) Operating activities include all transactions and other events that are not investing or financing activities.

(e) Revenue recognition

Revenue shown in the statement of comprehensive income comprises the amounts received and receivable by the Group for services provided to customers in the ordinary course of business based on the stage of completion of the contract at statement of financial position date.

(i) Rendering of services
Revenues from services are recognised in the accounting period in which the services have been rendered.

(ii) Rental income
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(iii) Dividend and interest revenue
Dividend revenue from investments is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Business interruption insurance

Business interruption insurance is recognised on an accruals basis.

Income is stated exclusive of GST collected from customers.

(f) Property, plant and equipment

The Group has eight classes of property, plant and equipment

Operational port freehold land
Buildings
Wharves and paving
Cranes and floating equipment
Plant, vehicles and equipment
Rail Infrastructure
Rail rolling stock
Work in progress

Operational Port Land is stated at valuation determined every three to five years by an independent registered valuer. This class of asset has been re valued at 30 June 2017. The basis of valuation is fair value which is determined by reference to the highest and best use of land as determined by an independent valuer.

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

The remaining property, plant and equipment acquired by CentrePort on 1 October 1988 are recorded at cost less accumulated depreciation and impairment, 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 remaining property, plant and equipment are recorded at cost. Cost represents the value of the consideration given to acquire the assets and the value of other directly attributable costs that have been incurred in bringing the assets to the location and condition necessary for their intended service. All these property, plant and equipment are depreciated excluding land.

The Board and management have undertaken a process to determine what constitutes Investment Property and what constitutes Property, Plant & Equipment. There is an element of judgement in this. There is a developed Port plan, and those items of land that are considered integral to the operations of the Port have been included in Operational Port Land. Land held specifically for capital appreciation or to derive rental income has been classed as Investment Property.

Greater Wellington Rail public transport rail station infrastructural assets and its Ganz Mavag rolling stock were valued by Bayleys at depreciated replacement cost at 30 June 2014.

There is no depreciation on capital works in progress and on land or investment properties. Depreciation on all other property, plant and equipment is charged on a straight line basis so as to write off the cost of the assets to their estimated residual value over their expected economic lives. The expected economic lives are as follows:

Buildings	10 to 50 years
Wharves and paving	10 to 50 years
Cranes and floating equipment	4 to 30 years
Plant, vehicles and equipment	2 to 20 years
Rail rolling stock	5 to 35 years
Rail Infrastructure	5 to 50 years
Capital work in progress	Not depreciated

The economic useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

(g) Investment properties

Investment properties, which is property held to earn rentals and/or for capital appreciation, is measured at its fair value at the reporting date. Gains or losses arising from changes in fair value of investment property are included in revenue and expenditure in the period in which they arise.

The Group has three classes of investment properties:

Developed investment properties
Land available for development
Lessors interest

(h) Leases

Group entities lease certain land, buildings, wharves and plant. Leases are finance leases wherever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All other leases are classified as operating leases. All leases held by the Group are classified as operating leases.

Consolidated entity as lessee:

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Operating leases relate to subleases of properties (excluding land) leased with lease terms between 1 and 12 years, with an option to extend for a further period between 1 to 6 years. All operating lease contracts (excluding land) contain market review clauses. An operating lease relating to land has a term of 125 years. The lessee does not have an option to purchase the property or land at expiry of the lease period.

Lease incentive

In the event that lease incentives are provided to lessees to enter into operating leases, such incentives are recognised as a reduction of rental income on a straight line basis.

(i) Assets held for sale

Assets are classified as held for sale if it is intended that their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

(j) Intangibles assets

Software is a finite life intangible and is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful lives between 1 and 5 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

(k) Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidation entity estimates the recoverable amount of the cash-generating using to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the Statement of revenue and expenditure immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had not impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the statement of comprehensive revenue and expenditure immediately, unless the relevant assets is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(l) Borrowing costs

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

(m) Investments in subsidiaries and associates

Investments in subsidiaries are valued annually at the lower of cost and net asset backing. The change in valuation is recognised in the statement of comprehensive revenue and expenditure.

Investments in associates are stated at the fair market value of the net tangible assets at acquisition plus the share of post-acquisition increases in reserves.

In the parent financial statements, subsequent to initial recognition, investments in subsidiaries and joint ventures are measured at cost.

(n) Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognised in the consolidated Balance Sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture.

An investment is accounted for using the equity method from the date on which the investee becomes a joint venture.

The requirements of NZ IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with NZ IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with NZ IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with a joint venture of the Group, profit and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interest in the joint venture that are not related to the Group.

(o) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposit held at call with banks, other short term highly liquid investments with original maturities of 3 months or less.

(p) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(q) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). Tax assets and liabilities are offset only when the Group has a legally enforceable right to set off the recognised amounts, and intends to settle on a net basis.

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(r) Goods and services tax (GST)

The Group is part of the Wellington Regional Council GST Group. All items in the financial statements are exclusive of GST, with the exception of CentrePort's receivables and payables, which are consolidated inclusive of GST.

Cash flows are included in the cash flow statement on a net basis for GST purposes. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

(s) Provision for employee entitlements

A provision for employee entitlements is recognised as a liability in respect of benefits earned by employees but not yet received at balance date when it is probable that settlement will be required and they are capable of being measured reliably. Employee benefits include salaries, wages, annual leave, sick leave and long service leave. Where the services that gave rise to the employee benefits are expected to be settled within twelve months of balance date, the provision is the estimated amount expected to be paid by the Group. The provision for employee benefits not expected to be settled within twelve months are measured at the present value of the estimated future cash outflows expected to be incurred. The present value is determined by discounting the future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liabilities.

(t) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(u) Provision for dividends

Dividends are recognised in the period that they are authorised and approved.

(v) Financial instruments

Financial Instruments Issued by the Company

As part of normal operations, the Group is party to financial instruments with risk to meet operational needs. These financial instruments include bank overdraft facilities, interest rate swap agreements, forward foreign exchange contracts and an option to extend the term of the mandatory convertible notes. Interest rate swap agreements are used within predetermined policies and limits in order to manage interest rate exposure.

The Group has reduced its level of exposure to financial instruments as proceeds from the insurance claim have been used to repay borrowings.

The Group regularly undertakes reviews of its financial risk management as its capital structure changes.

Financial instruments at fair value through profit or loss

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate, fuel cost and foreign exchange rate risk, including forward foreign exchange contracts and interest rate swap agreements.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value at each reporting date. Changes in fair value of derivative instruments that do not qualify for hedge accounting are recognised immediately in profit or loss.

Cash settlements of derivatives adjust the line in the Statement of Comprehensive Income to which the cash settlement relates.

Financial assets

Investments are recognised and derecognised on trade date where purchase and sale of an investment is under a contract whose terms require delivery of the investments within the timeframe established by the market concerned, and are initially at fair value, plus transactions costs, except for those financial assets classified as at fair value through the statement of comprehensive revenue and expenditure, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through statement of comprehensive income', and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(i) Financial assets at fair value through statement of comprehensive revenue and expenditure

The Group has classified certain derivative instruments as financial assets at fair value through the statement of comprehensive revenue and expenditure. The policy for these items is outlined in note 2(w).

(ii) Loans and receivables

Cash and cash equivalents, trade receivables, loans, and other receivables are recorded at amortised cost using the effective interest method less impairment.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the instrument or a shorter period, where appropriate, to the net carrying amount of the financial assets or financial liability.

Nature of activities and management policies with respect to financial instruments:

Financial liabilities

Financial liabilities are classified as either fair value through revenue and expenditure, or at amortised cost. Financial liabilities at amortised cost include trade and other payables and borrowings.

Trade and other Payables

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services and are subsequently recorded at amortised cost using the effective interest method.

Borrowings

Borrowings are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised costs with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

Offsetting financial instruments

Financial Assets and Liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(w) Derivative financial instruments classified at fair value through the statement of comprehensive revenue and expenditure

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate, fuel cost and foreign exchange rate risk, including forward foreign exchange contracts and interest rate swap agreements.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re measured to fair value at each reporting date. Changes in fair value of derivative instruments that do not qualify for hedge accounting are recognised immediately in revenue and expenditure.

Cash settlement of derivatives adjusts the line in the statement of comprehensive revenue and expenditure to which the cash settlement relates.

(x) Foreign currency transactions

Transactions in foreign currency are converted at the rate of exchange ruling at the date of the transaction. At balance date, foreign monetary assets and liabilities are translated at the closing rate and exchange variations arising from these transactions are recognised in the statement of comprehensive revenue and expenses.

(y) Standards, amendments, and interpretations issued but not yet effective.

PBE IPSAS 36 Disclosures of interest in other entities - effective date 1 January 2019

Requires increased disclosures regarding judgments and assumptions made in determining whether an entity controls, jointly controls or significantly influences another entity.

PBE IFRS 9 Financial Instruments - effective date 1 January 2021

This standard has been released in advance of IPSASB issuing a new financial instruments standard based on IFRS 9. This standard gives mixed groups the opportunity to early adopt a PBE standard that is based on the for profit standard NZ IFRS 9 on the same date that NZ IFRS 9 becomes mandatory in the for-profit sector.

Impairment of revalued assets (amendments to PBE IPSAS 21 and 36) – effective date 1 January 2019

The amendment brings revalued property, plant and equipment and intangible assets within the scope of PBE IPSAS 21 and PBE IPSAS 26.

PBE IPSAS 35 Consolidated financial statements - effective date 1 January 2019

The standard introduces a new definition of control requiring both power and exposure to variable benefits and includes guidance on assessing control.

PBBE IPSAS 37 Joint arrangements - effective date 1 January 2019

Establishes two types of joint arrangements (1) joint operations and (2) joint ventures based on whether the investor has rights to the assets and obligations for the liabilities of the joint arrangement or rights to the net assets of the joint arrangement.

Management is yet to assess the impact of these standards and does not expect to adopt them before their respective effective dates.

3 Operating surplus / (deficit) before subvention and taxation

	Group		Parent	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Other revenue				
Rental income (exchange revenue)	**11,815**	12,740	**-**	-
Operating Revenue	**68,585**	57,115	**-**	-
Interest (exchange revenue)	**95**	58	**1,047**	1,146
Operational grants from GWRC (non-exchange revenue)	**12,184**	10,639	**-**	-
Interest received	**-**	161	**-**	-
Other (exchange revenue)	**-**	2	**-**	-
	92,679	80,715	**1,047**	1,146
Share of profit of investments using the equity method (including earthquake costs and fair value adjustments)	**22,999**	(18,614)	**-**	-
	115,678	62,101	**1,047**	1,146
Fair value (loss) / gain on investment properties GW Rail	**(438)**	(97)	**-**	-
Fair value gain on financial instruments	**8,778**	10,330	**-**	-
Fair value (loss) gain on CentrePort investment property	**(826)**	-	**-**	-
	7,514	10,233	**-**	-
Expenses, excluding finance costs				
Amortisation	**214**	196	**-**	-
Employee benefits expense	**25,225**	23,078	**-**	-
Depreciation	**23,604**	23,404	**-**	-
Audit Services	**346**	224	**26**	19
Directors fees and expenses	**532**	495	**17**	13
Management fees	**157**	152	**77**	77
Repairs and Maintenance	**18,489**	16,667	**-**	-
Rates and Insurance	**7,531**	4,021	**6**	6
Other operating expenses	**28,558**	24,492	**2**	5
Tax services	**58**	52	**11**	10
Legal	**53**	33	**18**	8
Rental and lease expenses	**1,586**	2,821	**-**	-
Stock and other impairment	**-**	127	**-**	-
	106,353	95,762	**157**	138
Net finance costs	**12,422**	10,713	**994**	1,083
Operating surplus before subvention, taxation and earthquake related costs	**4,417**	(34,141)	**(104)**	(75)

4 Earthquake Related Items

Kaikoura Earthquake

A 7.8 magnitude earthquake struck in the early hours of 14 November 2016 in Kaikoura which has had a significant impact on CentrePort. The earthquake significantly damaged Port infrastructure and Port properties including the land on which the Port operates. The major Port operations impacted were the Container services and the Investment property portfolio held by the Port. Other Port services including logs, ferries, fuel, cruise and break bulk activities had substantially recovered immediately following the earthquake.

The impact of the earthquake has been reflected in these financial statements with the information available to the date these financial statements are signed. The insurance claim process has commenced and engineering damage assessments are being completed. Extensive repairs are still to be commenced and this brings considerable uncertainty in relation to the final quantification of insurance claims. The Group is working closely with independent advisors and the insurers assessors to progress the claim.

The Group has separate insurance policies for CentrePort and CentrePort Properties Limited. The Group received $100m of progress payments in 2018 for claims on these policies of which $60m related to CentrePort and $40m related to CentrePort Properties Limited.

CentrePort has a total insured value (in relation to port infrastructure) of $600m for both Material Damage and Business Interruption combined. The Business Interruption covers a 36 month indemnity period. Insurance progress payments of $60m were received by CentrePort in the year ended 30 June 2018 (2017: $100m) bringing total progress payments received to 30 June 2018 to $160m. These payments are applied to business interruption (loss of rents and temporary works) in the first instance and secondly to material damage.

CentrePort Properties Limited, including its associate entities (SPVs') has a total insured value of their property portfolio of $276.3m including loss of rents (of up to $49.8m). The indemnity period is 36 months.

CentrePort Properties Limited received a progress payment of $40m in the year ended 30 June 2018 (2017: $10m) bringing total progress payments received to date to $50m. An allocation totalling $41.0m (2017: $7.2m) has been made to the SPVs.

Initial draft damage assessment reports for the investment properties have been prepared by independent advisors. Insurance and property related impacts for CentrePort Properties Limited are included in the Group line items as expanded on below. As the SPVs are equity accounted, the impact of the earthquake in relation to the SPVs is accounted for separately as described in note 12.

The following table shows the net proceeds applied in the financial statements for the year ended 30 June 2018:

	Material Damage $'000	Business Interruption $'000	2018 $'000	2017 $'000
Loss of gross profits and rents	-	8,477	8,477	8,985
Temporary works expenditure incurred to date	-	33,628	33,628	19,305
Material damage preliminary estimates	13,478	-	13,478	137,751
Total Insurance income in the year	13,478	42,105	55,583	166,041
Total Insurance Income	151,229	70,395	221,624	166,041
Less progress payments received	(91,961)	(70,395)	(162,356)	(103,356)
Receivable as at 30 June	59,268	-	59,268	62,685

Impairment of Assets

CentrePort determined that the earthquake on 14 November was an indicator of impairment as per PBE IPSAS 26, Impairment of Cash-Generating Assets and PBE IPSAS 21, Impairment of Non-Cash-Generating Assets. CentrePort's key infrastructural assets such as wharfs and pavements are held at cost less depreciation. These assets were subject to technical and engineering assessments following the earthquake to assess whether they were partly or completely damaged and need to be derecognised. Those assets considered to be destroyed have been completely written off. For assets that were partially damaged CentrePort has estimated the impairment adjustments. However as engineering estimates are not yet complete these estimates may be subject to change in future periods.

	2018 $'000	2017 $'000
Asset impairment arising out of the earthquake:		
- Estimated asset impairments relating to damaged assets	**1,996**	51,207
- Impairment and fair value write-down on investment properties owned by Centerport Properties Ltd	**600**	12,761
	2,596	63,968

Impairment Sensitivity Analysis

Of the aggregate $66m impairment, $49m relates to assets that are completely destroyed and fully written off and $17m relates to estimates of impairment for partially damaged assets ranging from 10% to 80%. At balance date damage assessments are still ongoing and the impairment reflects the best estimate to date. If the percentage of estimated damage is altered by +/- 10% this would result in an increase or decrease in the impairment provision (and therefore total comprehensive income) by $1.7m.

Port Land

An adjustment of $63m to the fair value of land has been made to recognise the resilience work that needs to be undertaken to support the land. This adjustment is discussed in (note 8).

Business Interruption

An estimate of the amount recoverable for Loss of Gross Profit and Rents has been made for the period to 30 June 2018. The amount has been calculated based on the estimated loss of revenue and has not yet been agreed with the insurer and therefore could be subject to change in future periods.

A change to the estimated loss of revenue of + / - 10% would result in an increase / decrease in the Business Interruption and Loss of Rents income estimate accrued of $0.9m.

Material Damage Insurance Receivable

CentrePort Group is entitled to insurance claims for damage incurred to its insured assets and infrastructure. The insurers have accepted that the damage is covered under the group insurance policies, however, as damage assessments and repairs have not been completed the final settlement amount has not yet been agreed.

As damage assessments for all assets have not yet been fully completed, assumptions have been made and judgement applied in determining the insurance proceeds to be recognised for material damage

Where the minimum amount recoverable for damage to specific port assets can be reliably estimated, it has been recorded as income. Insurance proceeds have not been recognised where further work is required to quantify repair costs and related insurance income. These amounts will be clarified in due course as the insurance claim progresses. There is, therefore, the potential for adjustments to be made in future years to recognise further insurance proceeds and these proceeds may be material.

There is a contingent asset in relation to the insurance claim for the Port (note 25)

Earthquake deductible expenditure

Under the insurance policies the Group is liable to meet a deductible amount toward the cost of repair or reinstatement of the damaged assets. These total $18.3m of which $13.5m relates to CentrePort Infrastructure and $4.8m relates to commercial property assets.

Net Insurance Recovery - Associates and Joint Ventures

The Wellington Port Coldstore insurance claim was settled during the year ended 30 June 2018. Following conclusion of the claim, CentrePort purchased the remaining 50% of shares to increase its shareholding to 100%. Insurance proceeds on completion of the claim have been accounted for in the year ended 30 June 2018. CentrePort's share of the net impact on concluding the claim of $1.1m has been accounted for in the year ended 30 June 2018 (2017: $3.6m) and is included in the associate earnings for the year.

The estimated impact of the earthquake related items on the SPV entities is a net gain of $29.3m (2017: $27.2m loss). This has been included in the Share of profit/(loss) of investments using the equity method

For further information on the material assumptions and sensitivities related to the impact of the earthquake refer to note 12 for the impact on associates and joint ventures.

Tax impact

Refer to note 5 for information on the material assumptions and sensitivities related to the impact of the earthquake on income tax.

5 Taxation

	Group 2018 $'000	Group 2017 $'000	Parent 2018 $'000	Parent 2017 $'000
(a) Income tax recognised in profit or loss				
Tax expense / (benefit) comprises:				
Current tax expense / (income)	**(938)**	50	-	-
Deferred tax (income) / expense relating to the origination and reversal of temporary differences	**2,000**	13,784	-	-
Adjustments recognised in current period in relation to deferred tax in prior periods	**(355)**	(1,372)	-	-
Tax loss recognised	-	-	-	-
Total Tax (benefit) / expense	**707**	12,462	-	-
Tax (benefit) / expense is attributable to:				
Continuing operations	**707**	12,462	-	-

	Group 2018 $'000	Group 2017 $'000	Parent 2018 $'000	Parent 2017 $'000
(b) The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:				
(Deficit) / Surplus from operations	**23,776**	48,628	**(104)**	(75)
	23,776	48,628	**(104)**	(75)
Income tax (benefit) / expense calculated at 28%	**6,657**	13,616	**(29)**	(21)
Non-deductible expenses	**3,658**	8,273	-	-
Non-assessable income	**(10,752)**	(12,075)	-	-
Land and buildings reclassification	-	-	-	-
(Increase) / decrease in value of developed investment property land	**274**	1,592	-	-
Non-assessable increase / (decrease) in value of land for development	-	-	-	-
Tax effect of imputation credits	-	-	-	-
Temporary differences	**739**	2,462	-	-
Permanent differences	**344**	16	-	-
Tax loss offsets from or subventions paid to Group companies	-	-	-	-
Unused tax losses and tax offsets not recognised	-	-	**29**	21
	920	13,884	-	-
(Over) / under provision of income tax in previous period	**(213)**	(1,422)	-	-
Income tax expense	**707**	12,462	-	-
(c) Imputation credit account balances				
Balance at end of the period	**14,197**	14,924	**508**	508

(d) Tax losses not recognised

WRC Holdings have unrecognised tax losses of $495,171 (2017: $392,175) available to be carried forward and to be offset against taxable income in the future. The tax effect of these losses at 28% is $138,648 (2017: $109,809).

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

6 Trade & other receivables

	Group		Parent	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Net trade receivables				
Trade debtors	**8,175**	6,012	-	-
Provision for doubtful debts	**(285)**	(23)	-	-
	7,890	5,989	-	-
Associated entity receivable	**(11)**	9	-	-
Dividends receivable	-	-	-	-
Other receivables	**1,079**	875	**1**	-
Prepayments	**243**	186	**36**	23
Interest receivable	**56**	53	**56**	53
	9,257	7,112	**93**	76

Provision for doubtful debts

	Group		Parent	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Opening balance	**23**	2	-	-
Amounts written off during the year	**(23)**	-	-	-
Increased in allowance recognised in statement of comprehensive income	**285**	21	-	-
Closing balance	**285**	23	-	-

The average credit period on sales is 30 days. No interest is charged on the trade receivables. An allowance has been made for estimated irrecoverable amounts from the sales of services, determined by reference to past default experience.

Included in trade receivables are debtors with a carrying amount of $1.5 million, which are past due at 30 June 2018 (2017: $1.5 million). The Group believes that the amounts (net of doubtful debt provision) are recoverable. See (note 22)

7 Current Assets - Inventory

No inventories are held as security for liabilities as at 30 June 2018 (2017: Nil).

	Group		Parent	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Inventories				
Spares stock control	**1,237**	1,305	-	-
Fuel and stock control	**114**	118	-	-
	1,351	1,423	-	-

8 Property, plant and equipment

Group	Operational port freehold land $'000	Buildings $'000	Wharves and paving $'000	Cranes and floating equipment $'000	Plant, vehicles and equipment $'000	Rolling stock $'000	Transport infrastructure $'000	Work in Progress $'000	Total $'000
Year ended 30 June 2017									
Opening net book amount	79,922	12,816	47,935	30,172	6,741	312,257	64,975	47,812	602,630
Provision for resilience	(63,000)	-	-	-	-	-	-	-	(63,000)
Additions	-	-	1,214	-	-	13,219	382	21,324	36,139
Transfers	24,718	2,171	4,465	-	7,896	35,646	791	(48,628)	27,059
Disposals / written off	-	-	-	(23)	(63)	-	(171)	-	(257)
Revaluation gain / (loss)	9,012	-	-	-	-	-	-	-	9,012
Impairment	-	(6,850)	(34,075)	(3,580)	(842)	-	(125)	(5,860)	(51,332)
Depreciation charge	-	(590)	(1,596)	(1,611)	(1,095)	(14,645)	(3,868)	-	(23,405)
Depreciation retired	-	-	-	-	-	-	80	-	80
Closing net book amount	50,652	7,547	17,943	24,958	12,637	346,477	62,064	14,648	536,926
At 30 June 2017									
Cost	50,652	22,567	67,670	49,093	16,857	386,328	72,364	14,650	680,181
Valuation	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(15,020)	(49,727)	(24,135)	(4,220)	(39,851)	(10,300)	-	(143,253)
Net book amount	50,652	7,547	17,943	24,958	12,637	346,477	62,064	14,650	536,928

Group	Operational port freehold land $'000	Buildings $'000	Wharves and paving $'000	Cranes and floating equipment $'000	Plant, vehicles and equipment $'000	Rolling stock $'000	Transport infrastructure $'000	Work in Progress $'000	Total $'000
Year ended 30 June 2018									
Opening net book amount	50,652	7,547	17,943	24,958	12,637	346,477	62,064	14,650	536,928
Transfer to investment property	(127)	-	-	-	-	-	-	-	(127)
Transfers	-	-	-	-	-	-	-	(5,906)	(5,906)
Additions	-	-	-	349	63	1,033	1,550	19,435	22,430
Transfers from work in progress	2,889	134	120	11,620	680	1,274	4,514	(15,501)	5,730
Disposals / written off	(23)	(1)	-	-	(50)	-	-	-	(74)
Reclassification	-	-	1,252	5,442	(5,469)	-	-	(1,252)	(27)
Impairment	-	(794)	(330)	-	(872)	-	-	-	(1,996)
Depreciation charge	-	(431)	(994)	(2,524)	(1,082)	(14,522)	(4,050)	-	(23,603)
Temporary works depreciation	-	-	-	(228)	-	-	-	-	(228)
Closing net book amount	53,391	6,455	17,991	39,617	5,907	334,262	64,078	11,426	533,127
At 30 June 2018									
Cost	116,391	29,545	102,624	68,808	18,383	383,920	78,429	17,286	815,386
Accumulated impairment	(63,000)	(7,644)	(34,405)	(3,580)	(1,714)	-	-	(5,860)	(116,203)
Accumulated depreciation	-	(15,446)	(50,228)	(25,611)	(10,762)	(49,658)	(14,351)	-	(166,056)
Net book amount	53,391	6,455	17,991	39,617	5,907	334,262	64,078	11,426	533,127

Capitalised Work in Progress

	2018 $'000	2017 $'000
Project		
Wharves	1,131	334
Mobile	-	2,977
Other	1,846	1,556
Total	2,977	4,867

Borrowing costs capitalised

During the year no borrowing costs were capitalised (2017: nil).

The parent does not hold any property, plant or equipment.

Operational Port Land

The Operational port land is comprised of the following land values:

Operational Port Land was last independently valued by Bayleys, a registered valuer, on 30 June 2017. The assessed value at that time was $110.5m (which excludes $3.1m of land acquired during the year ended 30 June 2017) which was adjusted by $63m for estimated Operational Port Land resilience costs. The Directors are satisfied that there has not been a material movement in the fair value as at 30 June 2018.

	2018 $'000
Industrial Zoned Land	79,590
Commercial Zoned	8,831
Other Port Land	25,231
Total Operational Port Land	113,652
Provision for Resilience	(63,000)
Carrying Value Operational Port Land	50,652
Additions, Transfers, and Disposals of Port Land	2,739
Carrying Value Operational Port Land 30 June 2018	53,391

The fair value of Operational Port Land has been determined in accordance with Australia and New Zealand Valuation and Property Standards, in particular Valuation Guidance Note NZVGN 1 Valuations for Use in New Zealand Financial Reports and IVS 300 Valuations for Financial Reporting.

Operational Port Land was independently valued by registered valuers of the firm Bayleys on 30 June 2017. The fair value of Operational Port Land is based on the highest and best use for transport distribution, road/rail/port linkages and logistics.

The fair value of Operational Port Land is determined with reference to a fair value hierarchy of inputs. All inputs into the determination of fair value of Operational Port Land sit within level 3 of this hierarchy as they are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Each freehold parcel of land is valued on a rate per square metre basis using the direct sales comparison approach. In carrying out this comparison, consideration is given to:

- sales of land or development sites within the wider Wellington region
- size, shape, location and access to services
- road frontage , exposure to vehicles
- allowable height and density of use.

Key assumptions underlying the valuation are set out below:

(i) Land at Aotea Quay, the Northern Reclamation and Point Howard have been valued in their current condition.

(ii) Parts of the port incurred significant settlement resulting in undulations and sharp height variations to some sealed areas. The valuation was completed on the basis that all remediation work was complete, including re levelling and laying new seal.

The table below summarises the valuation approach and key assumptions used by the valuers to arrive at fair value and the sensitivity of the valuation to movements in unobservable inputs.

Freehold land	**Fair value $'000**	**Valuation approach**	**Key valuation assumptions**	**Valuation impact**
Operational Port Land				
Industrial Zoned	$79,590	Comparison to sales of industrial land in similar locations	Weighted average land value $40 - $600 psm	+/- 5% ($4.0m)
Commercial Zoned	$8,831	Comparison to sales of commercially zoned land in similar locations	Weighted average land value $750 - $2,100 psm	+/- 5% ($0.4m)

Valuation approach - operational port leasehold land

A capitalised net rental approach is used to value leasehold land, where market ground rental is capitalised with reference to sales of lessors interests, with an allowance made for differences between contract and market rents adjusted for the terms of the lease. Inputs into this valuation approach are:

- comparable recent rental settlements on a rate per square metre of land,
- perpetually renewable or terminating lease
- rental review periods
- forecast trends for interest rates and market based property yields.

Market rental is assessed using both the:

- Classic approach under which the valuer adjusts a basket of comparable rental settlements for a ground rental rate psm pa and multiplies by the land area leased, and the
- Traditional approach whereby the valuer assesses a market land value and applies a market based ground rental percentage against this value.

Value is assessed once the market rental is assessed; the overage or underage is calculated until rent review date. To this figure is added the value of right to renew if perpetual lease or the PV of the total market value of the site deferred until lease end.

The following table summarises the key inputs and assumptions used by the valuer to arrive at fair value and the sensitivity of the valuation to movements in unobservable inputs.

Leasehold land	**Fair value $'000**	**Valuation approach**	**Key valuation assumptions**	**Valuation impact**
Operational port land	$25,231	Capitalised market rental checked to comparable sales of freehold land	Weighted average land value $120 - $2,100 psm	+/- 5% ($1.3m)

Port Land Resilience

An adjustment of $63m (2017: $63m) has been made to the fair value of Operational Port Land at 30 June 2018 to recognise the resilience work that needed to be undertaken to support the land. The resilience works costs are estimated with reference to the expected costs for remediation works undertaken for part of the operational port land.

There is a high level of uncertainty attached to the level of adjustment to be recognised against the port land resilience. This uncertainty includes the appropriate level of resilience required for each area of land, the range of potential technical solutions available to provide the desired level of resilience, and the cost of each potential solution.

Planning for the works to be undertaken is underway. The adjustment to the fair value of Operational Port Land is a critical accounting estimate as the actual costs of resilience works may differ significantly from the estimate.

A 15% increase/decrease in the estimate of the cost of the works would result in a movement in the fair value of Operational Port Land of $9.5m.

Greater Wellington Rail Limited (GWRL)

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

All other property, plant and equipment are carried at cost less accumulated depreciation and any allowance for impairment.

9 Intangible assets

Group	**Goodwill $'000**	**Computer software $'000**	**Total $'000**
At 30 June 2017			
Cost	2,675	4,038	6,713
Accumulated amortisation and impairment	-	(3,426)	(3,426)
Net book amount	2,675	612	3,287
Year ended 30 June 2017			
Opening net book amount	2,675	372	3,047
Additions	-	436	436
Amortisation charge	-	(196)	(196)
Closing net book amount	2,675	612	3,287
At 30 June 2017			
Cost	2,675	4,038	6,713
Accumulated amortisation and impairment	-	(3,426)	(3,426)
Net book amount	2,675	612	3,287

Group	**Goodwill $'000**	**Computer software $'000**	**Total $'000**
Year ended 30 June 2018			
Opening net book amount	2,675	612	3,287
Additions	-	289	289
Disposals	-	(103)	(103)
Amortisation charge	-	(261)	(261)
Amortisation	-	-	-
Closing net book amount	2,675	537	3,212
At 30 June 2018			
Cost	2,675	4,224	6,899
Accumulated amortisation and impairment	-	(3,687)	(3,687)
Net book amount	2,675	537	3,212

The amortisation expense is included in operating expenses in the statement of comprehensive income

10 Investments in subsidiaries

PIL owns 76.9% of CentrePort group and the Group had the following subsidiaries at 30 June 2018.

All group entities have a common balance date of 30 June and all significant inter-entity transactions have been eliminated on consolidation.

Name	**Principal activity**	**Place of incorporation and operation**	**Equity holding**	
Port Investments Limited	Investment management	New Zealand	**100.0%**	100.0%
Greater Wellington Rail Limited	Rail rolling stock owner	New Zealand	**100.0%**	100.0%
CentrePac Limited	Container packing	New Zealand	**- %**	76.9%
Harbour Quays D3 Limited	Commercial rental property	New Zealand	**- %**	76.9%
Harbour Quays C1 limited	Commercial rental property	New Zealand	**- %**	76.9%
CentrePort Limited	Port operations	New Zealand	**76.9%**	76.9%
CentrePort Property Management Limited	Management Services	New Zealand	**76.9%**	76.9%
CentrePort Properties Limited	Investment in special purpose vehicle	New Zealand	**76.9%**	76.9%
Harbour Quays Property Limited	Investment in special purpose vehicle	New Zealand	**76.9%**	76.9%
Harbour Quays Shed 39 Limited	Commercial rental property	New Zealand	**76.9%**	76.9%
Wellington Port Coldstores Limited	Cold Storage	New Zealand	**76.9**	38.5

On 20 November 2017, Harbour Quays D3 Limited and Harbour Quays C1 Limited were removed from the Companies Register. In addition, on 12 January 2018 CentrePac Limited and CentrePort Limited were amalgamated.

On 31 January 2018, CentrePort Limited purchased the remaining 50% of shares of Wellington Port Coldstores Limited from Hamstead Enterprises Limited.

		2018	2017
		$'000	$'000
Greater Wellington Rail Limited	**221,903**	214,453	
Total investments in subsidiary companies		**221,903**	214,453

WRCHL has a long term advance of $44 million to PIL. This advance is non interest bearing and does not have a fixed payment term.

11 Investment Properties

	Group		Parent	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Developed Investment Properties	**4,500**	4,750	-	-
Land Available for Development	**13,516**	12,022	-	-
Lessors interest	**164**	-	-	-
	18,180	16,772	-	-
Developed Investment Properties				
Developed Investment Property as at 1 July	**4,750**	26,336	-	-
Transfer to Port Land	-	(15,676)	-	-
Additions	**201**	519	-	-
Impairments and Fair Value Change (earthquake)	**(600)**	(6,429)	-	-
Increase / (decrease) in fair value	**149**	-	-	-
	4,500	4,750	-	-
Land Available for Development	**12,022**	21,596	-	-
Transfer to Port Land	-	(5,942)	-	-
Additions	**2,507**	2,700	-	-
Impairments and Fair Value Change (earthquake)	-	(6,332)	-	-
Increase / (decrease) in fair value	**(1,013)**	-	-	-
	13,516	12,022	-	-
Lessors Interests				
Transfers from Property, Plant, and Equipment	**127**	-	-	-
Increase / (decrease) in fair value	**37**	-	-	-
	164	-	-	-
	18,180	16,772	-	-

Valuation

Developed investment property consists of Shed 39, a commercial property (both building and a leasehold interest in the land upon which the building sits) leased to a third party.

The developed investment property was valued on 30 June 2018 by independent registered valuers of the firm Bayleys. The property is valued in accordance with New Zealand Property Institute Practice Standard 3 Valuations for Financial Reporting Purposes at fair value arrived at using comparable market rental information. The value determined by Bayleys was $8.1 million, after allowing for impairment, based on the expected costs to repair the building, the fair value of the investment property is $4.5 million (2017: $4.75 million) based on the assumptions set out below.

The valuation assumes that the building is structurally sound (at least 90% NBS) and no allowance has been made for any structural, seismic or refurbishment works to be incurred in relation to remedying the building following the earthquake.

The property sustained significant damage to the building as a result of the Kaikoura earthquake. It is expected that repairs will commence over the next financial year.

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

The valuations use existing and forecast cash flows based on existing lease terms and expected future occupancy. The capitalisation rate of 9.25% (2017: 8.75%) and a discount rate of 9% has been used.

The building and accommodation is reinstated to a level akin to that provided prior to the November 2016 earthquake. The current tenant is occupying the entire property and paying full rent per the rent agreement.

The tenant has temporarily vacated part of the building but will reoccupy once all structural repairs and resulting damage has been rectified.

Land Available for Development and Lessors Interests - Valuation

The Land Available for Development and Lessors Interests were valued on 30 June 2018 by independent registered valuers of the firm Bayleys. The property is valued in accordance with New Zealand Property Institute Practice Standard 3 Valuations for Financial Reporting Purposes at fair value arrived at using comparable market rental information. After allowing for impairment, based on the expected cost to reinstate the land, the fair value of the investment property valued was $13.515 million (2017: $12.022 million).

Valuation Approach

The fair value of Freehold Investment Property is based on the highest and best use for commercial property.

The fair value of Investment Property is determined with reference to a fair value hierarchy of inputs as described in Note 22. This hierarchy reflects the significance of the inputs used in making the measurements.

All inputs into the determination of fair value of Investment Property sit within level 3 of this hierarchy.

Freehold Investment Property

Each freehold investment property is valued on an income capitalisation and discounted cash flow basis using the direct sales comparison approach and market derived parameters for rental and yields. In carrying out this comparison, consideration is given to sales of similar property within the wider Wellington region.

Leasehold Investment Property

A capitalised net rental approach is used to value leasehold land, where market ground rental is capitalised with reference to sales of lessors interests, with an allowance made for differences between contract and market rents adjusted for the terms of the lease. Inputs into this valuation approach are:

- comparable recent rental settlements on a rate per square metre of land.
- perpetually renewable or terminating lease
- rental review periods
- forecast trends for interest rates and market based property yields.

Market rental is assessed using both the:

- Classic Approach under which the valuer adjusts a basket of comparable rental settlements for a ground rental rate psm pa and multiplies by the land area leased, and the
- Traditional Approach whereby the valuer assesses a market land value and applies a market based ground rental percentage against this value.

The table below summarises the valuation approach used by the valuers before allowances for infrastructure service costs to arrive at fair value and the sensitivity of the valuation to the movements in unobservable inputs.

	Fair Value $'000	**Valuation Approach**	**Key Valuation Assumptions**	**Valuation Impact**
Improved Properties	$8,100	Capitalised rental checked to freehold land value	Market capitalisation rate of 9.25%	+ / - 0.25% +$0.2m / - $0.2m
Development Sites Commercial	$23,409	Direct sales comparison	Weighted average land value $600 to $1,950 psm (excl. common area) less allowance for infrastructure costs and demolition costs	+/- 5% ($1.1m)

12 Aggregated Joint Venture Information

Interests in Joint Ventures

Harbour Quays A1 Limited, Harbour Quays D4 Limited and Harbour Quays F1F2 Limited (the SPVs) are accounted for as joint ventures of the Group although the SPVs are wholly owned by CentrePort Properties Limited. The SPVs have issued Mandatory Convertible Notes (MCNs) to the Accident Compensation Corporation (ACC). These notes provide the ACC with joint control over the SPVs.

Summarised financial information for joint ventures

	Port Associates		**Property Associates**		**Total**	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000	**2018 $'000**	2017 $'000
Cash and cash equivalents	**18**	1,587	**35,015**	7,454	**35,033**	9,041
Insurance receivable	**-**	10,419	**90,595**	93,220	**90,595**	103,639
Other current assets (excluding cash)	**156**	269	**440**	8	**596**	277
Total current assets	**174**	12,275	**126,050**	100,682	**126,224**	112,957
Other current liabilities (including trade payables)	**(126)**	(429)	**(3,079)**	(1,821)	**(3,205)**	(2,250)
Total current liabilities	**(126)**	(429)	**(3,079)**	(1,821)	**(3,205)**	(2,250)
Non-current assets	**77**	14	**36,608**	38,572	**36,685**	38,586
Total non-current assets	**77**	14	**36,608**	38,572	**36,685**	38,586
Financial liabilities	**-**	-	**(84,872)**	(83,965)	**(84,872)**	(83,965)
Other liabilities	**(370)**	-	**-**	-	**(370)**	-
Total non-current liabilities	**(370)**	-	**(84,872)**	(83,965)	**(85,242)**	(83,965)
Net assets	**(245)**	11,860	**74,707**	53,468	**74,462**	65,328
Share of Net Assets	**(123)**	5,929	**74,707**	53,468	**74,584**	59,397

WRC Holdings Limited
Notes to the Financial Statements
For the year ended 30 June 2018
(continued)

Summarised statements of comprehensive income

	Port Associates		Property Associates		Total	
	2018	2017	**2018**	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Revenue	**1,326**	2,236	**2,280**	5,631	**3,606**	7,867
Operating expenses	**(1,664)**	(3,259)	**(3,868)**	(4,161)	**(5,532)**	(7,420)
Net finance cost	**-**	(62)	**(5,430)**	(5,275)	**(5,430)**	(5,337)
	(338)	(1,085)	**(7,018)**	(3,805)	**(7,356)**	(4,890)
	-	-	-	-	-	-
Earthquake Related Items						
Costs and impairments	**-**	(6,917)	**(8,749)**	(130,766)	**(8,749)**	(137,683)
Insurance income	**2,857**	15,599	**38,073**	103,530	**40,930**	119,129
Post-tax profit from continuing operations	**2,519**	7,597	**22,306**	(31,041)	**24,825**	(23,444)
Income tax (expense)/ benefit	**-**	-	**(2,068)**	265	**(2,068)**	265
	2,519	7,597	**20,238**	(30,776)	**22,757**	(23,179)
Fair value adjustments	**-**	-	**1,500**	8,364	**1,500**	8,364
	2,519	7,597	**21,738**	(22,412)	**24,257**	(14,815)
Share of comprehensive income	**1,260**	3,798	**21,739**	(22,412)	**22,999**	(18,614)
Dividends received from joint venture or associate	**-**	-	**500**	1,200	**500**	1,200

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the joint venture

	Port Associates		Property Associates		Total	
	2018	2017	**2018**	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Opening net assets 30 June	**11,858**	4,261	**53,468**	77,080	**65,326**	81,341
Profit/(loss) for the year	**2,519**	7,597	**21,738**	(22,412)	**24,257**	(14,815)
WPC	**(14,622)**	-	**-**	-	**(14,622)**	-
Dividend	**-**	-	**(500)**	(1,200)	**(500)**	(1,200)
Closing net assets	**(245)**	11,858	**74,706**	53,468	**74,461**	65,326
Interest in joint venture	**(122)**	5,929	**74,706**	53,468	**74,584**	59,397
Carrying value	**(122)**	5,929	**74,706**	53,468	**74,584**	59,397

Details of the Group's material joint ventures at the end of the reporting period are as follows:

Name of entity	Principal activities	Proportion of ownership interest 2018	2017
Harbour Quays A1 Limited	Commercial rental property	**100%**	100%
Harbour Quays D4 Limited	Commercial rental property	**100%**	100%
Harbour Quays F1F2 Limited	Commercial rental property	**100%**	100%
Wellington Port Coldstore Limited	Cold storage or products	**100%**	50%
Direct Connect Container Services Limited	Transport hubbing and logistics	**50%**	50%

The remaining 50% shareholding of Wellington Port Coldstore Limited was acquired during the year and from acquisition date is accounted for as a subsidiary.

	Group 2018 $'000	Group 2017 $'000	Parent 2018 $'000	Parent 2017 $'000
Carrying amount at beginning of year	**59,397**	79,211	-	-
Share of profit / (loss) of joint ventures	**22,999**	(18,614)	-	-
Dividends from joint ventures	**(500)**	(1,200)	-	-
Consolidation of net assets of Wellington Port Coldstores Limited on acquisition	**(7,312)**	-	-	-
Transfer net assets of CentrePac Limited to wholly owned subsidiary on acquisition of remaining interest	-	-	-	-
Investment in Direct Connect Series Limited	-	-	-	-
Total current assets	**74,584**	59,397	-	-
Represented by:				
Harbour Quays A1 Limited	**18,157**	16,085	-	-
Harbour Quays D4 Limited	**13,599**	13,071	-	-
Harbour Quays F1F2 Limited	**42,952**	24,312	-	-
Other Joint Venture Companies	**(124)**	5,929	-	-
	74,584	59,397	-	-

Earthquake damage

The investment properties owned by the SPV companies and the Wellington Port Coldstore were significantly damaged in the November 2016 earthquake. CentrePort's equity accounted earnings from these entities have been affected by the estimated cost of earthquake related costs and insurance proceeds accounted for in these entities.

CentrePort Properties Limited is managing the insurance process for the SPV group. Work has commenced on the insurance claim process.

A summary of the SPV earthquake treatment follows. These include a number of critical accounting estimates and judgements.

Harbour Quays A1 Limited

The Statistics New Zealand building sustained significant damage as a result of the Kaikoura earthquake. Damage assessments concluded that the building is destroyed and is uneconomic to repair or restore the damage. This building was demolished during the year ended 30 June 2018 and turned into a carpark. The property has an insured indemnity value of $36.45m plus demolition costs and has been accounted for on the basis that the insurance claim for the total loss of the building will be accepted. The Company has a Business Interruption loss of rents policy which covers a 36 month indemnity period.

Harbour Quays D4 Limited

The Customhouse property was damaged in the earthquake and damage assessments have concluded that both structural and non structural damage was caused however it was relatively minor compared to the damage sustained by other buildings. The building has an insured value of $38.5m and a Business Interruption loss of rents policy which covers a 36 month indemnity period. The building has been repaired and reoccupied since December 2017, with $3 million of material damage income recorded.

Harbour Quays F1F2 Limited

BNZ House sustained significant damage in the earthquake and damage assessment reports conclude that the building is destroyed and is uneconomic to repair or restore. The building has an insured indemnity value of $84.8m and Business Interruption Loss of Rents which covers a 36 month indemnity period expiring November 2019. The financial statements for HQ F1F2 Limited have been prepared on the basis that the insurance claim for the earthquake damage to the building will be accepted for the full loss to the building (being the indemnity value of $84.8m). This is a change from the prior year where the expected proceeds from the insurance claim were based on the estimated cost to repair the building.

The property impairment and the estimated amounts receivable for insurance are critical accounting judgements. As the property has been fully written off and an estimate of the insurance receivable has been recognised there is the potential for adjustments to be made in future years that may be material.

Wellington Port Coldstore Limited

Wellington Port Coldstores Ltd (WPCL) formerly owned and operated a cold storage business located at CentrePort. The coldstore building sustained significant damage as a result of the Kaikoura earthquake and the building was written-off in 2017. In January 2018 the insurance claim for damage to the building was settled and WPCL received $15.7m of insurance proceeds, which was in addition to the $4m previously received.

Joint Venture Company Mandatory Convertible Note (MCN) Conversion Derivative

MCNs have been issued by the SPVs to the ACC. The MCNs are convertible to equity in March 2024 (or September 2026 at CentrePort Properties Limited's discretion).

On conversion, the SPV will issue to the MCN holder shares to the value of the index adjusted principal amount (IAPA) of the notes or 50% of the value of the securities on issue at that date, whichever is higher.

A conversion derivative liability is recognised on the balance sheets of the SPVs when the IAPA is expected to be less than 50% of the security values at the conversion date. The liability reflects the variance between the present value of (i) the forecast growth in the index adjusted present amount of the MCN value, and (ii) 50% of the estimated values of the securities at the conversion date.

The MCN derivatives are financial instruments with risk attaching to CPPL's investment in the SPVs. The conversion derivatives have a $nil liability on the balance sheets of the SPVs at 30 June 2018 (2017: $nil).

Acquisition of Wellington Port Coldstores Ltd

CentrePort initially acquired a 50% shareholding in WPCL from Hamstead Enterprises Ltd in July 2008 and recognised the investment as an associate.

On 31 January 2018 CentrePort acquired the remaining 50% shareholding in WPCL for cash of $7.8m.

The fair value of CentrePort's existing 50% shareholding at the date of the transaction was assessed at $7.3m. This gives rise to a fair value loss of $0.5m for CentrePort's existing shareholding in WPCL in the Statement of Comprehensive Income in 2018.

13 Deferred tax

	Group 2018 $'000	Group 2017 $'000	Parent 2018 $'000	Parent 2017 $'000
The balance comprises temporary differences attributable to:				
Tax losses	**11,208**	16,367	**-**	-
Temporary differences	**(106,427)**	(109,945)	**-**	-
Net Deferred Tax	**(95,219)**	(93,578)	**-**	-

	Group 2018 $'000	Group 2017 $'000	Parent 2018 $'000	Parent 2017 $'000
Unrecognised deferred tax balances				
Tax losses	**-**	-	**(139)**	(110)
Unused tax credits	**-**	-	**-**	-
Temporary differences	**-**	-	**(3)**	(3)
	-	-	**(142)**	(113)

Movements - Group	Investment properties $'000	Property, plant and equipment $'000	Trade and other payables $'000	Other financial liabilities $'000	Tax losses $'000	Insurance recoverable $'000	Total $'000
At 1 July 2016	(978)	(91,980)	1,019	5,350	5,374	-	(81,215)
Charged to income	1,229	12,023	2,143	(2,892)	10,993	(35,908)	(12,412)
Change in tax rate	-	50	-	-	-	-	50
At 30 June 2017	251	(79,907)	3,162	2,458	16,367	(35,908)	(93,577)

Movements - Group	Investment properties $'000	Property, plant and equipment $'000	Trade and other payables $'000	Other financial liabilities $'000	Tax losses $'000	Insurance recoverable $'000	Total $'000
At 1 July 2017	251	(79,907)	3,162	2,458	16,367	(35,908)	(93,577)
Charged to income	134	2,930	(768)	(2,378)	(5,159)	3,599	(1,642)
At 30 June 2018	385	(76,977)	2,394	80	11,208	(32,309)	(95,219)

The net deferred tax balance comprises of a deferred tax asset of $2,938 and a deferred tax liability of $98,157.

14 Interest bearing liabilities

	Group		Parent	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Interest bearing liabilities				
Bank overdrafts	**4,037**	-	-	-
Bank borrowings	**18,003**	145	-	-
Total secured current interest bearing borrowings	**22,040**	145	-	-
Total current interest bearing borrowings	**22,040**	145	-	-
Non-current				
Bank borrowings	**44,080**	80,080	**44,080**	44,080
Total non-current interest bearing liabilities	**44,080**	80,080	**44,080**	44,080
Total interest bearing liabilities	**66,120**	80,225	**44,080**	44,080

The Parent has a commercial paper of $44.3 million (2017: $44.3 million) on issue which is supported by a $44 million (2017: $44 million) bank facility with the Commonwealth Bank of Australia Limited. The debt is secured by $50 million of uncalled shares in favour of Wellington Regional Council. The security is maintained by Trustee Executors. The interest rate charged as at 30 June 2018 was 2.0250% p.a. (2017: 2.00% p.a.).

On 18 December 2014 CentrePort entered into new revolving cash advance agreements with ANZ Bank New Zealand Limited, Commonwealth Bank Of Australia Limited and Westpac Banking Corporation Limited. The bank facilities total $125m with renewal dates ranging from 1 to 4 years. Included in the bank facilities is an evergreen facility of $25m subject to a 13 month cancellation notice.

The average effective interest rate on the bank facilities and interest rate swaps was 7.25% (2017: 7.06%).

Wellington Regional Council (with a long-term S&P credit rating of AA), guarantees the Group borrowings up to the full limit of the facility. CentrePort pays a guarantee fee to Greater Wellington Regional Council (refer for note 24). Port Investments has an unsecured advance facility of $44 million (2017: $44 million) with its parent WRC Holdings Limited. On 29 September 2017, the board of Directors of WRC Holdings extended the term of the loan to PIL to be repaid on 28 October 20038. Refer to note 22 for additional information regarding the Groups exposure and sensitivity risk.

15 Current assets - Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with banks, other short-term, highly liquid investments with original maturities of three months or less. This does not include CentrePort's overdraft balance of $4.0m (2017: nil).

	Group		Parent	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Cash at bank and in hand	**2,313**	221	**4**	4

Including the overdraft, the net cash and cash equivalents is a current liability of $1.7m (2017: $0.2m current asset).

	Group		Parent	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Cash at bank and in hand	**2,313**	221	**4**	4
Bank overdraft	**(4,037)**	-	**-**	-
Cash and cash equivalents	**(1,724)**	221	**4**	4

16 Employee entitlements

	Group		Parent	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Current				
Employee benefits	**3,523**	3,153	**-**	-
Non-current				
Employee benefits	**645**	752	**-**	-
Total Provisions	**4,168**	3,905	**-**	-

The provision for employee entitlements relates to employee benefits, accrued annual leave, sick leave and long service leave. The provision is affected by a number of estimates, including the expected length of service of employees and the timing of benefits being taken.

The rate used for discounting the provision for future payments is 2.90% (2017: 2.90%).

17 Dividends payable

No dividend has been declared post balance date by CentrePort Limited (2017: $nil).

18 Equity

	Group 2018 $'000	Group 2017 $'000	Parent 2018 $'000	Parent 2017 $'000
(a) Share capital				
Ordinary shares				
34,541,100 $1 shares, fully paid	**34,541**	34,541	**34,541**	34,541
22,170,000 $1 shares, fully paid	**22,170**	22,170	**22,170**	22,170
5,309,283 $1 shares fully paid	**5,309**	5,309	**5,309**	5,309
170,200,000 $1 shares, partly called	**158,375**	150,925	**158,375**	150,925
8,000,000 $1 shares, fully paid	**8,000**	8,000	**8,000**	8,000
11,250,000 $1 shares, fully paid	**11,250**	11,250	**11,250**	11,250
6,700,000 $1 shares, fully paid	**6,700**	6,700	**6,700**	6,700
10,100,000 $1 shares fully paid	**10,100**	10,100	**10,100**	10,100
50,000,000 $1 shares uncalled	**-**	-	**-**	-
Redeemable Preference Share Capital				
25,000 $1000 shares, paid to 1 cent	**-**	-	**-**	-
Total share capital	**256,445**	248,995	**256,445**	248,995

19 Non-controlling interest

	Group 2018 $'000	Group 2017 $'000	Parent 2018 $'000	Parent 2017 $'000
Opening Balance at 01 July	**45,771**	46,459	**-**	-
Share of operating surplus / (deficit)	**8,800**	11,946	**-**	-
Share of dividends paid or payable	**(461)**	(162)	**-**	-
Share of movements in revaluation reserve	**-**	(12,472)	**-**	-
Balance of Non-controlling Interest at 30 June	**54,110**	45,771	**-**	-

The non-controlling interest represents the Manawatu Regional Council's 23.1% share of CentrePort Limited.

WRC Holdings Limited
Notes to the Financial Statements
For the year ended 30 June 2018
(continued)

20 Major variances between actual and budget

	Group Actual 2018 $'000	Group Budget 2018 $'000
Statement of Comprehensive Revenue and Expense		
REVENUE		
Operating revenue	92,679	75,658
Share of associate profit accounted for using the equity method	22,999	3,786
Total revenue	115,678	79,444
Earthquake related costs	19,359	82,608
Gain / (loss) in fair value movements	7,514	4,007
EXPENDITURE		
Expenses, excluding finance costs	(106,353)	(83,673)
Finance costs	(12,422)	(5,117)
(Deficit) / surplus before taxation and subvention payment	23,776	77,269
Income tax benefit / (expense)	(707)	764
Net (deficit) / surplus after tax for the year	23,069	78,033
Owner of WRC Holdings Limited	14,269	56,823
Non-controlling interest	8,800	21,260
	23,069	78,083

	Group Actual 2018 $'000	Group Budget 2018 $'000
Statement of Financial Position		
ASSETS		
Current Assets	80,308	68,015
Non-Current assets		
Property, plant and equipment	536,339	603,377
Investments	95,702	68,427
Total assets	712,349	739,819
LIABILITIES		
Total current liabilities	40,522	13,727
Interest bearing liabilities	44,080	86,050
Non-current liabilities	98,802	87,835
Total liabilities	183,404	187,612
Net assets	528,945	552,207
EQUITY		
Opening equity	498,887	456,135
Opening equity (non controlling interests)	(45,771)	(35,141)
Shares to be issued during the year	7,450	17,990
Total comprehensive income applicable to parent	14,269	56,823
Closing Equity (Non-controlling interest)	54,110	56,400
Total Equity	528,945	552,207
Equity applicable to parent	474,835	495,807
Non controlling interest	54,110	56,400

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20 Major variances between actual and budget (continued)

Total Equity	528,945	552,207

20 Major variances between actual and budget (continued)

Statement of Cash Flows

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	98,634	97,544
Dividend income received	500	17,798
Interest income received	137	2,273
Payments to suppliers and employees	(76,552)	(69,978)
Income taxation paid	1,535	(3,475)
Interest expense paid	(12,594)	(4,940)
Temporary work	(3,050)	(18,220)
NET CASH FLOWS FROM OPERATING ACTIVITIES	8,610	21,002
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of Property, Plant & Equipment	229	6,750
Earthquake insurance payment received	16,895	49,058
Purchase of Property, Plant & Equipment	(17,596)	(17,990)
Earthquake capital expenditure	(6,141)	(78,403)
Other investing activities	8,918	-
NET CASH FLOWS FROM INVESTING ACTIVITIES	2,305	(40,585)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	(18,000)	1,500
Issue of ordinary shares	7,450	17,990
Movement in current account	(2,310)	1,333
NET CASH FLOWS FROM FINANCING ACTIVITIES	(12,860)	20,823
Net increase / (decrease) in cash, cash equivalents & bank overdraft at year end	(1,945)	1,239
Add opening cash, cash equivalents / (overdraft) brought forward	221	4,013
CASH, CASH EQUIVALENTS & BANK OVERDRAFT AT YEAR END	(1,724)	5,252

Significant Components of actual group results variances to budgets are:

Revenue

Revenues were $36.2 million higher due to:

$18 million higher revenue from Port operations, given the uncertainly around forecasting activity after the November earthquake.

A write up of associate containing the BNZ building in relating to the Insurance claim being received rather than repaired.

Earthquake related items

Overall net revenues were $63 million lower that budget. This stems from the fact a large insurance payments was received by CentrePort after the budget was set and prior to 30 June 2017. This lead to lower receipts than budgeted during 2017/18 year and a higher starting equity balance due to higher profits in 2016/17, not considered when the budget was set.

Gain/Loss in fair value movements

The gains were $3.5 million higher than budget, predominantly due to the write back of CentrePort's swaps portfolio which was terminated during the year.

20 Major variances between actual and budget (continued)

Expenditure

Overall expenditures including finance costs were $29.9 million higher than budget.

GWRL expenditures were higher relating to deprecation and maintenance.

Port cost were higher due increased costs of the port following the Earthquake in particular higher levels of maintenance and labour and much higher levels of activity from Port operations as noted in revenue above.

Finance costs at the Port were higher due to the cost of terminating their swaps portfolio.

Assets

Investments are higher than budget due to the write up in CentrePort of the BNZ building as noted above.

Current assets were higher than budget in CentrePort due to a higher Earthquake receivable than planned which is a timing issue.

These increases were offset by lower levels of capital expenditure leading to lower level of fixed assets overall from both CPL and GWRL.

Liabilities

Liabilities are higher than budgeted predominately due to a higher level of deferred tax in CentrePort, offset by lower levels of debt in CentrePort, and an unbudgeted termination of the swaps portfolio liability. The higher deferred tax in CentrePort's result is due to lower levels of tax paid during the year and timing differences.

Equity

Equity is lower than budget primarily due to a lower overall profit relating to CentrePort and lower levels of shares issued during the year to fund GWRL capex but offset by a higher opening equity balance relating to the timing of when the budget was set, see the comment above in relation to Earthquake items.

Cash flow

Operating cash flow

The operating cash flow is lower than budget predominately due to non-receipt of an expected repatriation of settlement proceeds from Statistics House and wind up of the related Mandatory Convertible Notes. This is a timing issue.

Investing cash flow

The proceeds from Insurers and the capital expenditure works done are both significantly lower than budget. Capex spend is also lower in GWRL due to timing. Most of the earthquake related works undertaken at CentrePort related to temporary works and demolition costs which are recorded in the operating cash flow.

Financing cash flow

CentrePort has repaid debt during the year as the proceeds from insurers and operating cash flow have been greater than the level of capital expending and investing activities.   The lower levels of share issuance by GWRL is balanced by lower levels of capital expenditure in GWRL.

21 Reconciliation of surplus for the year with cash flows from operating activities

	Group		Parent	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Net (deficit) / surplus after tax	**23,069**	36,166	**(104)**	(75)
Add / (less) non-cash items:				
Depreciation	**23,832**	23,467	-	-
Amortisation	**214**	193	-	-
Impairment / written off of fixed assets	-	-	-	-
Inventory adjustment	-	127	-	-
(Gain) / loss on sale of property, plant & equipment	**73**	92	-	-
Loss on fair value movement financial instruments	**(8,778)**	(10,330)	-	-
Revaluation loss on rail assets	-	-	-	-
Write down / (up) of investment properties	**826**	-	-	-
Earthquake related costs	**2,596**	63,968	-	-
Equity accounted earnings from associate companies	**(22,499)**	19,814	-	-
Deferred tax liability	**6,487**	18,038	-	-
Change in provision for doubtful debt	-	-	-	-
Add / (less) movements in working capital:				
Accounts receivable	**(2,133)**	8,606	**(3)**	(4)
Prepayment	**(13)**	-	**(13)**	-
Accounts payable	**5,635**	(1,545)	**14**	-
Insurance receivable	**3,417**	(62,685)	-	-
Dividends receivable	-	-	-	3,691
Inventory	**73**	11,853	-	-
Borrowings	**(146)**	(730)	-	-
Taxation - refund/payable	**(4,244)**	(5,604)	-	-
Financial Instruments	-	-	-	-
Current account - Greater Wellington Regional Council	-	-	-	-
Current account - Port Investments Limited	-	-	-	-
Employee entitlements	**263**	(141)	-	-
Working capital on WPCL acquisition	**(1,900)**	-	-	-
Add / (less) items classified as investing and financing activities:				
Accounts payable related to property, plant and equipment	**(1,379)**	(1,698)	-	-
Accounts receivable related to property, plant and equipment	-	(7,100)	-	-
Insurance progress payment schedule	**(16,895)**	(75,066)	-	-
Increase in share capital	-	-	-	-
Other	**112**	-	-	-
Net cash inflow from operating activities	**8,610**	17,425	**(106)**	3,612

22 Financial risk management

Nature of activities and management policies with respect to financial instruments:

Financial Risk Management Objectives
The Group's finance function provides services to the business, co-ordinates access to financial markets, monitors and manages the financial risk relating to the operations of the Group through internal risk reports which analyses exposure by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks, by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments. The Group does not enter into or trade financial instruments, including derivative financial instruments for speculative purposes.

Treasury activities are reported to the Board quarterly at CentrePort and at each meeting of the WRC Holdings Board. In addition, CentrePort has established a Treasury Committee with independent Treasury advisors as members. WRC Holdings Treasury activities are covered by Wellington Regional Council's Treasury Policy.

(a) Fair value assumptions
The Group considers that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values. The fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instrument.

Inter group advances
CentrePort has borrowing covenant requirements for gearing and interest cover ratios. Performance against covenants is reported quarterly to the Audit and Risk Committee. These covenants have been complied with during the period.

Significant accounting policies
Details of the significant accounting policies and methods adopted, including the criteria for recognition, and the basis of measurement applied in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

Capital risk management
CentrePort manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes borrowings - disclosed in note 14 - , cash reserves and retained earnings.

Externally imposed capital requirements
CentrePort has borrowing covenant requirements for gearing and interest cover ratios. Performance against covenants is reported monthly to the CentrePort Board and semi-annually to its. All externally imposed covenants have been complied with during the period.

Estimation of fair value of financial instruments
The fair value of financial instruments is determined on a hierarchical basis that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Assumptions for valuation models are based on management's judgements and estimates. Changes in the assumptions used in these models and projections of future cash flows could affect the reported fair value of financial instruments.

Fair value measurements recognised in the statement of financial position
All financial instruments recognised on both CentrePort's and WRC Holdings Limited's balance sheet at fair value sit within level 2.

(b) Market risk

Currency risk

The Group enters into forward exchange contracts to hedge the group's foreign currency risk on major asset purchases.

As at 30 June 2018, neither WRC Holdings parent nor WRC Holdings Group had entered into any forward exchange contracts (WRC Holdings Group 2017: no FX contracts).

Interest rate risk

The Group is exposed to interest rate risk as the Group borrows funds at both fixed and floating interest rates. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite as provided for in the Treasury Policy.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of note 22.

Reconciliation of other financial (assets) / liabilities

	Group		**Parent**	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Interest rate swaps - (assets)	-	-	-	-
Interest rate swaps - liabilities	-	8,778	-	-
Total other financial (assets) / liabilities	-	8,778	-	-
Current assets	-	-	-	-
Non-current assets	-	-	-	-
Current liabilities	-	-	-	-
Non-current liabilities	-	8,778	-	-

Interest rate sensitivity

WRC Holdings - Parent

At reporting date, if interest rates had been 100 basis point higher or lower and all other variables were held constant, the Parents net profit would increase/decrease by $441,000 (2017: increase/decrease by $441,000).

At reporting date, WRC Holdings Parent had not entered into any swaps (2017: no swaps). Therefore a change in swap rates has no impact (2017: no impact).

CentrePort

The sensitivity analysis has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 1.0% (2017: 1.0%) increase or decrease represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's net profit would increase/decrease by $0.5 million (2017: increase/decrease by $0.8 million). This is mainly attributable to the Group's exposure to interest rates on its uncovered rate borrowings and excludes the unrealised gain or loss in the value of interest rate swaps.

During the year CentrePort terminated its interest rate swap portfolio. At the end of the year the company holds no interest rate swaps.

In November 2017 $50m of interest rate swaps on hand were terminated which resulted in a cash cost of $9.5m. At yearend, the Group held no interest rate swap agreements.

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps are based on market values of equivalent instruments at the reporting date and are disclosed below. The average interest rate is based on the outstanding balances.

	2018 %	2017 %	2018 Notional Value $'000	2017 Notional value $'000
Interest rate swap agreements - Group				
Other financial liabilities				
Two to five years		1.98% - 1.99%	-	(15,000)
Greater than Five years		5.36% - 5.96%	-	50,000
Total other financial liabilities			-	35,000
Group fair value liabilities				
Represented by:				
Current Liabilities			-	-
Non-current Liabilities			-	8,778
Total financial liabilities			-	8,778

Maturity profile of financial instruments

The following table details the Group's exposure to interest rate risk at 30 June 2018 and 30 June 2017.

	Weighted average interest rate	Variable interest rate	Maturity profile of financial instruments						Non-interest bearing	Total
			Less than one year	1-2 years	2-3 years	3-4 years	4-5 years	5+ years		
	%	%	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group 2018 Financial Liabilities:										
Trade and other payables			14,959	-	-	-	-	-	14,959	14,959
Payables to employees			3,523	645	-	-	-	-	4,168	4,168
Debt - Parent	**1.99**	**2.03**	44,080	-	-	-	-	-	-	44,080
Debt - CentrePort	**2.54**	**1.94**	22,040	-	-	-	-	-	-	22,040
Total			84,602	645	-	-	-	-	19,127	85,247
Group 2017										
Trade and other payables			9,325	-	-	-	-	-	9,325	9,325
Payables to employees			3,153	752	-	-	-	-	3,905	3,905
Debt - Parent	2.11	2.00	44,080	-	-	-	-	-	-	44,080
Debt - CentrePort	5.34	1.95	36,146	-	-	-	-	-	-	36,146
Total			92,704	752	-	-	-	-	13,230	93,456
Parent 2018										
Trade and other payables			97	-	-	-	-	-	97	97
Borrowings - WRC H	**1.99**	**2.03**	44,080	-	-	-	-	-	-	44,080
Total			44,177	-	-	-	-	-	97	44,177
Parent 2017 Financial Liabilities										
Trade and other payables			83	-	-	-	-	-	83	83
Borrowings - WRC H	2.11	2.00	44,080	-	-	-	-	-	-	44,080
Total			44,163	-	-	-	-	-	83	44,163

(c) Credit risk management

Credit risk is the risk that the counter party to a transaction with the Group will fail to discharge its obligations, causing the Group to incur a financial loss. The Group is exposed to credit risk through the normal trade credit cycle and advances to third parties. The Group performs credit evaluations on all customers requiring credit and generally does not require collateral. Maximum exposures to credit risk as at balance date are the carrying value of financial assets in the statement of financial position.

Trade and other receivables include amounts that are unimpaired but considered past due as at balance date. An analysis of the age of such trade receivables is included in the table following

	Group		Parent	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
30-60 days	**1,226**	719	-	-
60-90 days	**89**	160	-	-
90-120 days	**52**	415	-	-
121 days +	**329**	254	-	-
Total	**1,696**	1,548	-	-

No collateral is held on the above amounts.

Insurance receivables credit risk

A total of $59 million is recognised by CentrePort as a receivable in relation to insurance proceeds at balance date due from various insurance institutions. The SPVs recognised insurance receivable of $91 million at balance date. The credit ratings of the largest insurance credit exposure as published by Standard & Poors is rated A+ and above as at the date of these financial statements.

Concentrations of credit risk

The Group does not have any significant credit risk exposure other than insurance receivable to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by International credit-rating agencies.

Currency Risk

The Group enters into forward exchange contracts to hedge the Group's foreign currency risk on major asset purchases.

As at 30 June 2018, CentrePort Group had not entered into any forward contracts. (2017: nil).

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds at short notice to meet its financial commitments as they fall due. To reduce the exposure to liquidity risk the Group has a bank overdraft facility of $2 million net, with gross indebtness of $4 million through a set off arrangement, (2017: $6 million) and banking facilities of $125 million at balance date (refer to note 14Interest Bearing Liabilities) (2017: $150 million). Of these $22 million (2017: $36 million) had been drawn down by the Group at balance date. The bank overdraft of $4 million at 30 June 2018 is offset by $2.3 million cash on hand (note 15). Port Investments borrows its funds from the Parent Company who sources funds from the institutional investor market via commercial paper, backed by a $44 million committed credit facility with Commonwealth Bank of Australia Limited.

The Parent has a $44 million term facility with Commonwealth Bank of Australia Limited which expires in September 2018.

On 18 December 2014 CentrePort Limited entered into new revolving cash advance agreements with ANZ Bank New Zealand Limited, Commonwealth Bank of Australia Limited and Westpac Banking Corporation Limited. The bank facilities total $125m with renewal dates ranging from 1 to 4 years for $100m of the facilities. There is also evergreen facility of $25m subject to a 13 month cancellation notice.

Liquidity profile of financial instruments

The following tables detail the groups liquidity profile based on undiscounted cash outflows at 30 June 2018 and 30 June 2017, assuming future interest cost on borrowings at nil% (2017: 7.05%).

Group - At 30 June 2018	Less than One Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	5+ Years	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial liabilities							
Trade and other payables	14,959	-	-	-	-	-	14,959
Payables to employees	3,523	645	-	-	-	-	4,168
Other financial liabilities	-	-	-	-	-	-	-
Borrowings	22,926	44,300	-	-	-	-	67,226
Total	41,408	44,945	-	-	-	-	86,353
Group - At 30 June 2017							
Financial liabilities							
Trade and other payables	9,325	-	-	-	-	-	9,325
Payables to employees	3,153	752	-	-	-	-	3,905
Other financial liabilities	-	14	-	-	-	8,764	8,778
Borrowings	6,788	70,205	14,118	-	-	12,846	103,957
Total	19,266	70,971	14,118	-	-	21,610	125,965

Parent - At 30 June 2018	Less than One Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	5+ Years	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial liabilities							
Trade and other payables	97	-	-	-	-	-	97
Borrowings	886	44,300	-	-	-	-	45,186
Total	983	44,300	-	-	-	-	45,283
Parent - At 30 June 2017							
Financial liabilities							
Trade and other payables	83	-	-	-	-	-	83
Payables to WRC	346	-	-	-	-	-	346
Borrowings	1,000	1,000	44,300	-	-	-	46,300
Total	1,429	1,000	44,300	-	-	-	46,729

WRC Holdings Limited
Notes to the Financial Statements
For the year ended 30 June 2018
(continued)

(e) Financial instruments by category

Financial assets as per balance sheet	Loans and receivables $'000	At fair value through other comprehensive income $'000	Total $'000
Group			
At 30 June 2018			
Cash and cash equivalents	2,313	-	2,313
Trade and other receivables	68,525	-	68,525
Current account - Wellington Regional Council	8,119	-	8,119
	78,957	-	78,957
At 30 June 2017			
Cash and cash equivalents	221	-	221
Trade and other receivables	69,800	-	69,800
Current account - Wellington Regional Council	6,271	-	6,271
	76,292	-	76,292

WRC Holdings Limited
Notes to the Financial Statements
For the year ended 30 June 2018
(continued)

Financial assets as per balance sheet	Loans and receivables $'000	At fair value through other comprehensive income $'000	Total $'000
Parent			
At 30 June 2018			
Cash and cash equivalents	4	-	4
Trade and other receivables	93	-	93
Current account - Port Investments Limited	539	-	539
Current account - Wellington Regional Council	2,669	-	2,669
	3,305	-	3,305
At 30 June 2017			
Cash and cash equivalents	4	-	4
Trade and other receivables	76	-	76
Current account - Port Investments Limited	416	-	416
Current account - Wellington Regional Council	2,898	-	2,898
	3,394	-	3,394

Financial liabilities as per balance sheet	Derivatives classified as held for trading $'000	Financial liabilities at amortised cost $'000	Total $'000
Group			
At 30 June 2018			
Trade and other payables	-	14,959	14,959
Borrowings	-	66,120	66,120
Other financial liabilities	-	-	-
	-	81,079	81,079
At 30 June 2017			
Trade and other payables	-	9,325	9,325
Borrowings	-	80,080	80,080
Other financial liabilities	8,778	-	8,778
	8,778	89,405	98,183
Parent			
At 30 June 2018			
Trade and other payables	-	97	97
Borrowings	-	44,080	44,080
	-	44,177	44,177
At 30 June 2017			
Trade and other payables	-	83	83
Borrowings	-	44,080	44,080
	-	44,163	44,163

23 Commitments

Capital commitments

The Parent Company, WRC Holdings Limited and Port Investments Limited has no capital or operating commitments as at 30 June 2018 (2017: nil)

At balance date CentrePort had commitments for expenditure of $5.1m for the Group (2017: $1.9m). This relates to Kings Wharf Partial demolition, E-Sites Remediation, Demolition of Thorndon Container Wharf, Shed 51 Cruise Terminal, Seaview Wharf and Straddle House Floor.

Greater Wellington Rail at balance date had commitments in respect of contracts for capital expenditure of $71.6 million (2017: $71.4 million). This relates to the heavy maintenance the rolling stock.

Leases

Group entities lease certain land and plant. Leases are finance leases wherever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All other leases are classified as operating leases.

Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Group as Lessor

Operating leases relate to subleases of properties (excluding land) leased with lease terms between 1 and 12 years, with an option to extend for a further period between 1 to 6 years. All operating lease contracts (excluding land) contain market review clauses. An operating lease relating to land has a term of 125 years. The lessee does not have an option to purchase the property or land at expiry of the lease period.

Lease Incentives

In the event that lease incentives are provided to lessees to enter into operating leases, such incentives are recognised a reduction of rental income on a straight-line basis.

Operating Leases

All operating lease contracts contain market review clauses in the event that the CentrePort exercises its option to renew. CentrePort Limited does not have an option to purchase the leased asset at the expiry of the lease period.

Operating lease receipts relate to commercial property rental in accordance with a rental agreement.

Disclosure for Lessees

	Group		Parent	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Not longer than 1 Year	**311**	484	-	-
Longer than 1 Year and not longer than 5 Years	**904**	966	-	-
Longer than 5 Years	**317**	751	-	-
	1,532	2,201	-	-

Disclosure for lessors

Future minimum lease receipts under non-cancellable operating leases are as follows:

	Group		Parent	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Non-cancellable operating lease receipts				
Not later than 1 Year	**7,717**	8,348	**-**	-
Later than 1 Year and not later than 5 Years	**23,876**	25,688	**-**	-
Later than 5 Years	**18,741**	26,626	**-**	-
	50,334	60,662	**-**	-

24 Related party transactions

Related party disclosures have not been made for transaction with related parties that are with a normal supplier or client/recipient relationship on terms and condition no more favourable than those that it is reasonable to expect WRCH and Group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the WRCH Group, where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such transactions.

Related party transactions required to be disclosed

At year end the Company is owed $539,400 by Port Investments Limited, its fully owned subsidiary (2017: The company was owed $416,237 by Port Investments Limited). No interest is charged on these outstanding balances. Apart from this there are no related party transactions required to be disclosed during the year.

On 9 September 2011, CentrePort sold three investment properties to three special purpose vehicles that are wholly owned by CentrePort Properties Limited for a total consideration of $150 million. CentrePort Properties Limited is a wholly owned subsidiary of CentrePort. CentrePort Properties Limited also entered into three 125 year ground leases with the special purpose vehicles for the site on which the buildings sit at $1 per annum per lease.

Key management personnel

The compensation of the Directors and executives, being the key management personnel of the Group, is set out below:

	Group		Parent	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Short-term employee benefits	**3,190**	3,108	**16**	13
Total key management personnel compensation	**3,190**	3,108	**16**	13

There are 6 full time key management personnel

25 Contingencies

The following contingent liabilities existed at 30 June 2018:

Contingent Liabilities

The Parent Company has uncalled capital in Port Investments Limited of $10,000,100 (2017: $10,000,100).

The Parent Company has uncalled capital in Greater Wellington Rail Limited of $11,825,976 composed of 170,200,000 shares called to $158,374,024 (2017: $19,275,976 composed of 170,200,000 shares called to $150,924,024).

CentrePort Limited had no contingent liabilities as at 30 June 2018 (2017: Nil).

Contingent Asset
The parent company has uncalled capital with its owner Greater Wellington Regional Council of $50 million (2017: $50 million)

The Group is entitled to insurance claims for damage incurred to its insured assets and infrastructure from the November 2016 earthquake. The insurers have accepted that the damage is covered under the group insurance policies. However, the damage assessments and repairs have not been completed and the final settlement amount has not yet been agreed.

In the Company's Statement of Intent issued to shareholders, $400m of insurance proceeds are forecast to be recognised over the period to 30 June 2020 in relation to port operations, of which CentrePort has recognised $210m to 30 June 2018.Until the insurance claim process is finalised it is not possible to reliably estimate the value of the contingent asset.

Full provision has been made for insurance claims on the commercial properties (note 12)

26 Subsequent events

No dividend was declared post balance date by WRC Holdings (2017: Nil).

Financials statements will be authorised for issue by the Board of Directors on 28 September 2018.

Subsequent to balance date, CentrePort received a non specific insurance advance of $50m and CentrePort Properties Group received a non specific insurance advance of $50m of which $3.6m has been allocated to Harbour Quays A1 Limited and $46.3m to Harbour Quays F1F2 Limited.

Subsequent to balance date, CentrePort Properties Ltd and the insurers have agreed terms for a final settlement of the insurance claim for CentrePort Properties Ltd, Harbour Quays A1 Ltd, Harbour Quays D4 Ltd and Harbour Quays F1F2 Ltd. At the date of signing, the final settlement documentation has not been finalised.

WRC Holdings Limited
Statement of compliance and responsibility
As at 30 June 2018

Compliance

The Directors and management of the Company confirm that all the statutory requirements of the Local Government Act 2002 in relation to the financial report have been complied with.

Responsibility

The Directors and management of the Group accept responsibility for the preparation of the annual financial statements and the statement of service performance and the judgements used in them.

The Directors have authority to sign these financial statements.

The Directors and management of the Company 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 Directors and management of the Company, the annual financial statements and the statement of service performance for the year ended 30 June 2018 fairly reflect the financial position and operations of the Company.

Director	Director	Chief Financial Officer
September 28, 2018	September 28, 2018	September 28, 2018

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of WRC Holdings Limited and group's financial statements and performance information for the year ended 30 June 2018

The Auditor-General is the auditor of WRC Holdings Limited and group (WRCHL and group). The Auditor-General has appointed me, Jacques Coetzee, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of WRCHL and group, on his behalf.

Opinion

We have audited:

- the financial statements of WRCHL and group on pages 10 to 63, that comprise the statement of financial position as at 30 June 2018, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of WRCHL and group on pages 4 to 6.

In our opinion:

- The financial statements of WRCHL and group on pages 10 to 63:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2018; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- The performance information of WRCHL and group on pages 4 to 6 presents fairly, in all material respects, WRCHL and group's actual performance compared against the performance targets and other measures by which performance was judged in relation to WRCHL and group's objectives for the year ended 30 June 2018.

Our audit was completed on 28 September 2018. This is the date at which our opinion is expressed.

The basis for our opinion is explained below and we draw your attention to the uncertainties arising from the impact of the Kaikoura earthquake. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Uncertainties arising from the impact of the Kaikoura earthquake

Without modifying our opinion, we draw attention to Note 4 of the financial statements, which explains the material impact of the Kaikoura earthquake on the group. This note explains and links to other disclosures in the financial statements that outline the assumptions around the insurance proceeds expected to be received, and the extent of impairment of assets, and related tax treatment, and the significant uncertainties and judgements involved in estimating them. Note 12 also explains how the Kaikoura earthquake affected the equity accounted results of the group's joint ventures, including the significant uncertainties and judgements involved in estimating earthquake related costs and insurance proceeds.

Basis for opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of WRCHL and group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for WRCHL and group.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of WRCHL and group for assessing WRCHL and group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate WRCHL and group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in note 20 of the financial statements, our procedures were limited to checking that the information agreed to WRCHL and group's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WRCHL and group's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- We evaluate the appropriateness of the reported performance information within WRCHL and group's framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on WRCHL and group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause WRCHL and group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within WRCHL and group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible solely for the direction, supervision and performance of WRCHL and group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify in our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 2 to 64, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Independence

We are independent of WRCHL and group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners*, issued by New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, WRCHL and group.

Jacques Coetzee
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Attachment 2 to Report 18.483

28 September 2018

wrc
holdings group

Chris Laidlaw
Chair
Greater Wellington Regional Council
P O Box 11 646
Wellington 6142

Dear Chris

WRC Holdings Limited Annual Financial Statements for 2017/2018 year

WRC Holding Board members held a meeting on 28th September to approve the Annual Financial Statements of WRC Holdings Limited.

Audit New Zealand has provided an audit report which is attached to these financial statements.

As per section 67 of the Local Government Act we now formally deliver these statements to you.

If you have any questions please be in touch with me in the first instance.

Yours sincerely

Samantha Sharif
Chair – WRC Holdings

Encl – Audited WRC Holding Limited Financial Statements for the 2017/18 year.

greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

Report	**18.498**
Date	23 October 2018
File	CCAB-8-1968
Committee	**Council**
Author	**Helen Guissane, Programme Lead, Corporate Planning and Reporting**

Summary report for the first quarter 2018/19

1. Purpose

To present a summary report of Greater Wellington Regional Council's achievements from 1 July 2018 to 30 September 2018 (Q1).

2. Background

The report included as **Attachment 1** provides an overview of key results in the first quarter. The report has been updated to reflect achievement against the Long Term Plan 2018-28, primarily to report our activities against the priority outcome areas.

The report includes:

- An update on key metrics
- Highlights relating to our high level outcomes/goals including progress of major projects
- An overview of Health and Safety and Wellbeing
- Financial summaries.

Quarterly reports from each Group will be made available to Councillors separately.

3. Communication

No external communication is proposed as an outcome of the consideration of this report.

4. Consideration of climate change

It is not necessary to conduct a climate change assessment for the report.

5. The decision-making process and significance

No decision is being sought in this report.

5.1 Engagement

Engagement on this matter is unnecessary.

6. Recommendations

That the Council:

1. ***Receives** the report.*
2. ***Notes** the content of the report.*

Report prepared by:	Report approved by:	Report approved by:
Helen Guissane Programme Lead, Corporate Planning and Reporting	**Nicola Shorten** Manager, Strategic Planning	**Luke Troy** General Manager, Strategy

Attachment 1: Summary report for the first quarter 2018/19

Q1 2018/19

1 July — 30 September

HIGHLIGHTS

greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

EXECUTIVE SUMMARY

This quarterly summary report includes:

- **key highlights and risks**
- **key metrics and performance measures**
- **priority outcome area and core business summaries**
- **health & safety and wellbeing summary**
- **financial summary**

KEY METRICS

High quality public transport services

Percentage of services on-time - bus

TARGET
90%

YTD ACTUAL
90.9%

NB: Punctuality is reported for PTOM services only and is based on the interim Punctuality KPI measure under which operators performance is assessed.

Percentage of services on-time - train

TARGET
95% (Kapiti, Hutt, Johnsonville)

YTD ACTUAL
Kapiti 78.5%, Hutt 88.6%, Johnsonville 97.0%

TARGET
80% (Wairarapa)

YTD ACTUAL
61.4% (Wairarapa)

Growth in public transport patronage

Percentage increases in number of passengers - bus

TARGET
1.0%

YTD ACTUAL
0.2%

NB: Patronage numbers are provisional and exclude exempt services.

Percentage increases in number of passengers - train

TARGET
2.5%

YTD ACTUAL
3.3%

Maintained quality of freshwater

TARGET
Deposited fine sediment at each site for at least 10 of the 12 months does not exceed 20% cover

YTD ACTUAL
(July, Aug, Sept)

KAIWHARAWHARA @ NGAIO GORGE	RUMAHANGA @ PUKIO	HUTT @ BOULCOTT	PORIRUA STREAM
Achieved	Not able to measure *	Not able to measure *	Achieved

* Measurements were unable to be taken each month in the quarter due to the water being too turbid and therefore we cannot make an assessment at this time.

Maintained quality of freshwater

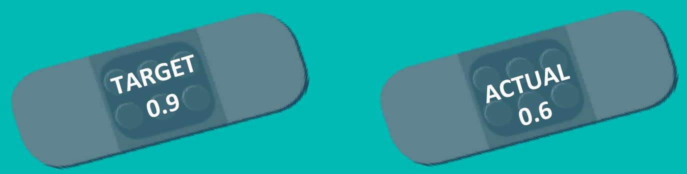
TARGET
Zero contamination of drinking water from the tap.

YTD ACTUAL
Achieved

KEY METRICS

Improved wellbeing and health & safety

Lost time injury frequency rate – number of incidents per 100k hours worked



Effective project management

Percentage of major projects with overall green status

Diversity and gender equality within GWRC

Gallup survey response to the question "Everyone at GWRC is treated fairly regardless of ethnic background, race, gender, age, disability or other differences not related to job performance'.

TARGET

3.5/5 (Gallup survey undertaken yearly in April/May)

Compliance with statutory requirements under the LGA

Approval of Annual Plan within statutory timeframes.

TARGET

Plan is approved by 30 June 2019.

Improved perception and understanding of Greater Wellington's relevance by the community

Reputation Index:

- Performance
- Local leadership
- Communication and interaction

Deployment of new media strategies, particularly digital, social media.

TARGET

Overall index of 30.

Engaged staff

Gallup overall employee engagement index

Innovation – Assessment of progress towards developing a culture of innovation.

*** Targets based on Gallup survey undertaken yearly in April/May**

Fresh water quality and biodiversity

The quality of the fresh water in our rivers, lakes and streams is maintained or improved, and our region contains healthy plant, bird and wildlife habitats.

1st Quarter highlights

The completion of the ***Ruamāhanga Whaitua Implementation Programme*** **(WIP)** has been a major achievement this quarter. The document provides direction for a number of Greater Wellington activities with freshwater outcomes. Regulatory elements will be incorporated into the proposed Natural Resources Plan as part of a Plan Change.

Environmental science monitoring programmes are ongoing and on target as we head into the summer field season.

Greater Wellington continues to receive large volumes of consent applications. We also continue to give pre-application advice, with a focus on the stream reclamation provisions in the proposed Natural Resources Plan. We have received one appeal against a condition imposed on a resource consent.

Six infringement notices and three abatement notices have been issued in this quarter. The infringements included unauthorised discharges from the Transmisson Gully Project and a deliberate discharge of hydrocarbons to the stormwater network in Tawa. The abatement notices related to remediating a small earthworks site and an illegal structure in a stream.

A campaign to promote the ***Riparian Programme*** regionally has commenced. The focus will broaden to incorporate all landowners with Category 1 and 2 streams in the region. Including Category 2 and potentially non-scheduled streams will increase the scope of the programme significantly and there is evidence to suggest that these higher order streams have high potential for improving environmental effects.

The pest management programmes are all progressing well. The ***Regional Pest Management Plan*** public hearings are set for 23 and 24 October 2018.

A new guidance document, *Biodiversity Offsetting under the Resource Management Act*, has been made available. The project, which was co-led by Greater Wellington staff, represents the culmination of a process to provide clearer direction for both councils and consent applicants on how to understand and appropriately use biodiversity offsetting under the RMA.

We have developed agreements for the pest plant work to be undertaken at ***KNE*** sites in 2018/19 and control work has commenced. Work has also commenced in line with the agreements established for the ***Wetland Programme*** in 2018/19.

Greater Wellington held four successful public workshops and received good support for the ***Regional Biodiversity Framework*** concept. There appears to be a lot of potential, particularly for agencies, to collaboratively prioritise work, share best practice and provide more coordinated biodiversity support to the community.

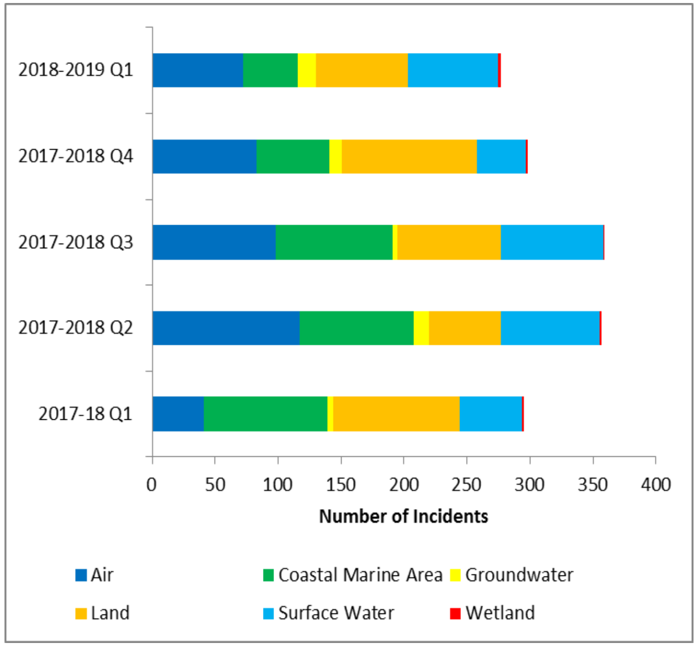
Applications for the ***Collaborative Projects Contestable Fund*** opened in August and will close in mid-October.

A new risk for biosecurity programmes has arisen following the recent OSPRI decision to pull funding from large areas in the South Wairarapa. There may be between five and seven years before OSPRI re-enters this land. Landowners are now contacting Greater Wellington requesting expansion of our Regional Possum/Predator Programme.

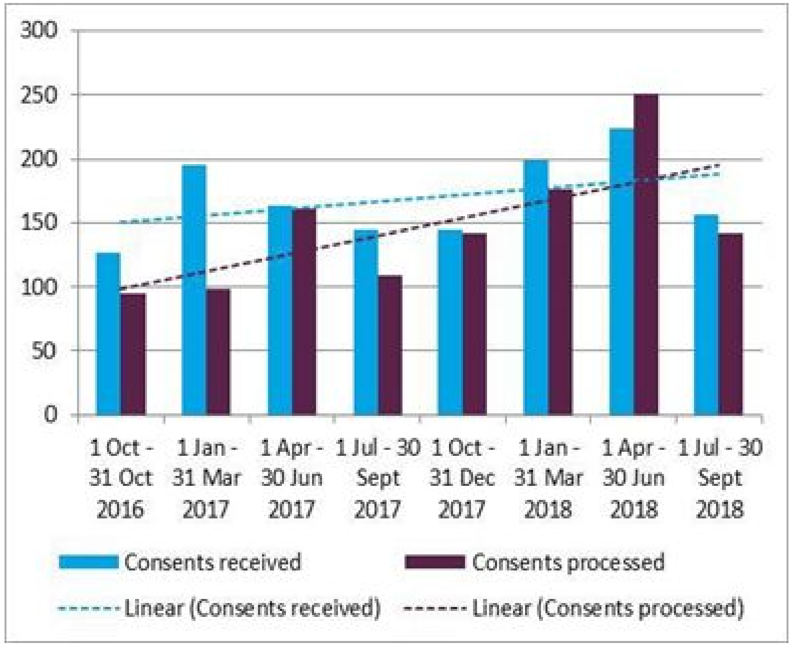
Fresh water quality and biodiversity

The quality of the fresh water in our rivers, lakes and streams is maintained or improved, and our region contains healthy plant, bird and wildlife habitats.

'Environmental sinks' for the incidents notified to GWRC in each quarter ending September 2018



Non-notified consents received and consents processed for the past two years ending 30 September 2018.



Major Project update

Proposed Natural Resources Plan									
The Proposed Natural Resources Plan First Schedule process, as set out in the Resource Management Act 1991									
Overall	●	Timing	●	Budget	●	Issues	●	Risks	●
Commentary	Hearings complete. No further hearings required. Officers responding to Hearing Panel questions as required. Hearing Panel decision due 31 July 2019. Proceeding with the planned work programme by utilising savings in other programmes across Environment and Catchment Groups.								

Regional resilience

Our infrastructure is resilient to adverse events and supports our region's economic and social development.

1st Quarter highlights

Excellent progress has been made by community led ***Waiohine Floodplain Management Plan*** development team. The team are close to recommending a single infrastructure upgrade option to the Greytown community for feedback and endorsement.

Work on the ***Te Kauru Floodplain Management Plan*** Masterton urban flood hazard spread maps is being finalised with Masterton District Council. We anticipate reaching agreement with them late October to early November.

Riverlink has progressed to the next stage of preparing detailed designs, a notice of requirement and resource consent applications for the works. The impact of a review of the Melling Interchange portion of the project by NZTA to confirm how it aligns with the government's policy statement on transport may impact progress.

In working towards greater preparedness of the region for ***emergencies***, the Wellington Region Emergency Management Office (WREMO) progressed the Community Preparedness programme through; completing translation of the Earthquake Planning Guide into 16 languages, developed a package to promote community hubs and the ability of communities to respond to disasters, and are developing a draft framework with iwi.

The modelling phase of the ***Lifelines Resilience*** project has been completed and further work is underway to complete the financial case before the business case is publically released. Elements have been incorporated into the Wellington Regional Investment Plan for further discussion with Government.

Risks

A number of flood security programmes face delays due to external factors including partner organisation programmes and private property land entry agreements. The property purchase for Riverlink remains the greatest challenge to budget as we respond to demand for the purchase of the necessary project on a willing buyer willing seller basis. 70% of the Riverlink property required has now been purchased and we are working to minimise any remaining cost and time risks. Land entry agreements and impacts on private property also pose the biggest challenge to meeting project programmes for the Waitohu and Whakawiriwiri works programmed for the year.

The Pinehaven Stream Floodplain management plan implementation may be delayed due to challenges to the associated Upper Hutt City Council Plan Change 42 appeals which are currently in Environment Court processes.

Major Projects

RiverLink									
The proposed upgrade project combines Greater Wellington led flood protection works with components of the Hutt City Council led Making Places Project and the NZTA led Melling intersection improvements projects.									
Overall		Timing		Budget		Issues		Risks	
Commentary	RiverLink has progressed to the next stage of preparing detailed design, notice of requirement and resource consent applications for the works. The impact of the review of the Mellling Interchange portion of the project by NZTA to confirm how it aligns with the government's policy statement on transport may impact progress.								

Public transport

The Wellington region has a world-class integrated public transport network.

1st Quarter highlights

The new ***Wellington City Bus network*** commenced in July 2018. The new bus network implementation has experienced significant implementation issues which have affected customers. There has been considerable customer feedback through a series of public meetings and direct to the Metlink call centre. A team led by the Chief Executive has taken responsibility for resolving the issues with the operators. Resolving these issues has had some impacts on other planned projects and programmes of work.

Work on the ***overhead wire*** decommissioning is now 100% complete with all wires removed. The official project close out will be in November when the works contract is concluded.

The ***National Land Transport Programme*** (NLTP) was released on 31 August, providing information about which of the regional transport projects and programmes will receive funding from the National Land Transport Fund over the next three year period. The NLTP included the introduction of targeted enhanced Financial Assistance Rates (FARs). Work is underway with the NZ Transport Agency to identify what activities from the Regional Land Transport Plan may be eligible for higher FARs.

Approximately $200m of ***Rail Network Infrastructure*** funding was publicly announced by the Transport Minister and NZTA on 9 October. The programme of works includes track catch-up renewals, predominately on the Wairarapa Line and in tunnels across the network. The other major component of the programme is a series of projects designed to unlock capacity in the network – this includes double tracking between Trentham and Upper Hutt and substation upgrades on the Kapiti Line.

The 9-car service trial on the ***Wairarapa Line*** has been successful. The new 9-car service will help deal with the capacity issues we are currently experiencing on the 4.25pm service to Masterton.

Work with the Transport Sector Interest Group on RLTPs and other central government processes and work streams has been positive . Work has continued with partners to progress the Let's Get Wellington Moving programme and Transport Analytics programme, engage on the Smarter Connections (park and ride) discussion document, and unlock funding for the strategic transport model update.

In the travel choice area, the focus has been on continuing to deliver cycle skills training across the region and ensuring the programme is prepared for the transition to delivering the national Bike Ready programme. The final printing of the Active Transport Resource package, developed in conjunction with Enviroschools, is ready for piloting with 12 schools from across the region at a session at the end of October.

Future Risks

Bus - Issues with the implementation of the new bus network will need to be monitored to ensure continued improvement in performance.

Rail - There may be customer dissatisfaction caused by increased bus replacements and the impact of rail maintenance work as we commence work to undertake track infrastructure catch-up renewals. We will commence a communications campaign with our rail customers and trackside residents to explain the nature of the upgrades and maintenance work and the inevitable increase in planned disruptions and potential noisy work sites.

Public transport

The Wellington region has a world-class integrated public transport network.

Major Projects

Metlink Transition Programme									
This programme follows on from the Public Transport Transformation Programme (PTTP). Its purpose is to complete the outstanding deliverables under PTTP and address issues arising from the launch.									
Overall		Timing		Budget		Issues		Risks	
Commentary	While the majority of new buses are in operation, there have been a number of challenges with the new network operation.								

Integrated Fares & Ticketing – National Ticketing Programme (project NEXT)									
The full electronic ticketing solution for Greater Wellington through a co-operative engagement with the National Ticketing Programme									
Overall		Timing		Budget		Issues		Risks	
Commentary	Released on schedule - evaluation underway. Progressing for release Q2 Advisors appointed								

PT Plan Review									
The review is required to reflect changes to the Wellington Regional Land Transport Plan (RLTP). The 2014 PT plan also needs updating to reflect significant progress on many major initiatives and policies in the current PT Plan									
Overall		Timing		Budget		Issues		Risks	
Commentary	A draft document for pre-consultation with key stakeholders will be provided to Council in December 2018 which will form the basis for pre-consultation between December 2018 and March 2019.								

Leadership areas

Strong leadership and collaboration supports robust regional growth

1st Quarter highlights

The *Wellington Regional Strategy Office* has been finalising the ***Wairarapa Economic Development Strategy*** and action plan, which has included iwi workshops. Development of the ***Wellington Regional Investment Plan*** has continued including further engagement with Councils and Central Government. We have also facilitated a number of workshops around a coordinated regional role in the Billion trees programme.

Work has also started in partnership with Victoria University and the Gold Awards on building a number of case studies around the future of work and the development of a centre for workplace leadership.

A submission was made on Local Government New Zealand's draft Sector Position on ***Climate Change*** Mitigation. A summary of progress in implementing Greater Wellington's Climate Change Strategy was presented to the Environment Committee.

The **Northern Gateway/Central Supply Chain** work has progressed this quarter. Collaborative working between the key programme partners has continued and advanced to a stage where there is greater level of trust and acceptance of the benefits. The business case for a new ferry terminal has progressed through a series of design workshops on the two shortlisted sites.

Council and mana whenua have enjoyed a ***25 year partnership*** that has resulted in a number of outcomes recognised nationally, as best practice in building partnerships with mana whenua. In paving a pathway forward, both Council and mana whenua are collectively reviewing the partnership to ensure that it aligns to the future visions of both parties.

Work has begun through Ara Tahi to help develop a ***Māori Economic Strategy*** and development action plan. Experts nominated from iwi are being sought to lead a collective approach with Council and key stakeholders that will inform the future outcomes for the Māori economy.

Funding has been awarded through the ***Iwi Project Fund*** to:

- Ngati Toa – to compile their iwi research document to inform the work required for Te Awarua o Porirua Whaitua process; and
- Nga Hapu o Otaki – to develop an iwi management plan.

Leadership areas

Strong leadership and collaboration supports robust regional growth

Major Projects update

Central NZ Supply Chain									
A Programme for the future of the northern gateway of Wellington, including the Port, Ferry Terminal and related transport network connections									
Overall		Timing		Budget		Issues		Risks	
Commentary	**Supply Chain**: A project scope has been developed and a funding application prepared for PGF funding. Discussions on scope and process have been held with key partners including CentrePort, NZTA, MoT and Horizons RC. **Ferry Terminal**: the business case process has continued. The longlist was narrowed to a shortlist of 2 sites. A series of design workshops has been setup to investigate the shortlisted options further.								

Wellington Regional Investment Plan									
Working with the region's territorial authorities, NZTA and WREDA to develop a Wellington Regional Investment Plan. This will be an action plan that identifies and prioritises existing and new opportunities for investment across the region and will enable a conversation on the priorities and opportunities for partnership with Government and other partners.									
Overall		Timing		Budget		Issues		Risks	
Commentary	Chief Executives agreed to a longer timeframe for this project to enable more work to be completed before talking with Ministers. A draft Plan will be completed in October for discussions with Councils and Central Government.								

Let's Get Wellington Moving									
Taking a fresh look at the entire transport system in central Wellington to identify a package of improvements that support community aspirations and strategic objectives for the city in terms of its look, feel and function									
Overall		Timing		Budget		Issues		Risks	
Commentary	Overall programme timing has been revised by the need for further discussions with Government on funding.								

Core business

Taking care of the things that matter

1st Quarter highlights

The ***Wellington Regional Erosion Control Initiative*** (WRECI) programme has been successful in attaining an additional $0.5M from MPI's 1 billion trees funding streams. This additional funding, along with Greater Wellington's and landowners' contributions will expand the 2018/19 WRECI programme by nearly double from about $1.2M to $2.1M.

Winter planting season is complete which is always an intense period of delivering our core work. Although we were challenged by M.bovis, wet weather and difficult access into properties, contractors performed well at completing both poplar/willow pole planting and native and exotic seedling works as part of our soil conservation, erosion control works.

The ***Regional Parks*** winter planting season has been completed with the highest annual total of native trees planted in the parks network to date (around 35,000). Environmental Enhancement funding has been complemented by contributions from a private family trust (Maclean Trust at QEP) and crowdfunding (the Million Metres programme) at Baring Head.

Community early engagement phase of the ***Parks Network Plan review*** has been completed, and a series of staff workshops are progressing to explore the key issues raised by the community in their feedback.

There have been several safety incidents on our ***Harbours*** , involving both commercial and recreational vessels this quarter. We have worked with Maritime NZ and Maritime Police in following up these incidents .

In conjunction with Maritime NZ we ran a desk top regional level, oil spill response exercise. This involved staff from across Greater Wellington as well as other responding agencies. The exercise went well and provided some valuable learning points for the future.

Major Projects update

Optimus – Core Systems Refresh									
To replace Core System (Finance, HR/Payroll and Asset Management) to rectify many issues with the current installation of SAP									
Overall		Timing		Budget		Issues		Risks	
Commentary	The programme is in the Design Phase, and staff are engaged in various workshops to design how the new systems will work. Business engagement is strong, and being strengthened via the two Consultative Groups (now operational). Roadshows, to staff, are planned in October.								

GW Future Accommodation Programme									
Address Greater Wellington's long term accommodation requirements for the Wellington and Masterton based staff									
Overall		Timing		Budget		Issues		Risks	
Commentary	Project Optimus 1-year lease commenced August 2018 at Vivian St premises. Wellington long term accommodation RFP released and evaluation of short-listed proposals completed in September. RFP for Masterton premises scheduled to close prior to Christmas 2018.								

Health& Safety and Wellbeing

1st Quarter update

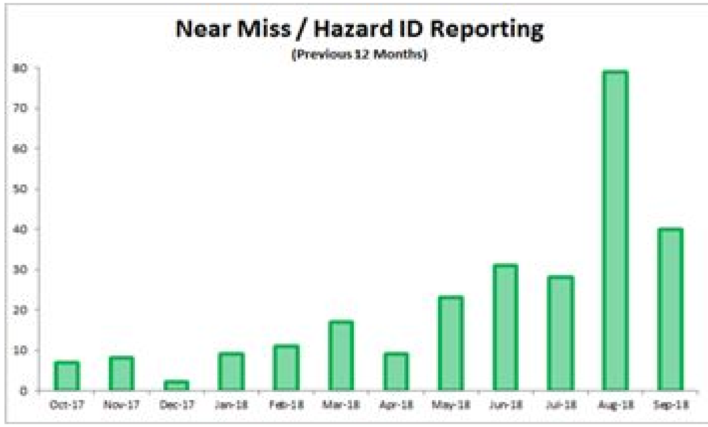
In this quarter 31 staff received injuries ranging from Medical Treatment Injuries to first aid/pain and discomfort injuries. No Lost Time Injuries (LTI) to Greater Wellington staff in the period although two contractors did sustain two LTIs - a puncture wound to the thigh and a rolled ankle.

One hundred and forty seven near miss and hazard identifications were reported in the period, seventeen more than reported in the entire 2017/18 year.

Three projects were launched in the period around critical risk/controls, health and wellbeing and core Health & Safety training. The critical risks/controls project identified five critical risks that Greater Wellington needs to focus on this year (transportation, lone worker/working remotely, wellbeing , working in, on and near water, and hazardous substances).

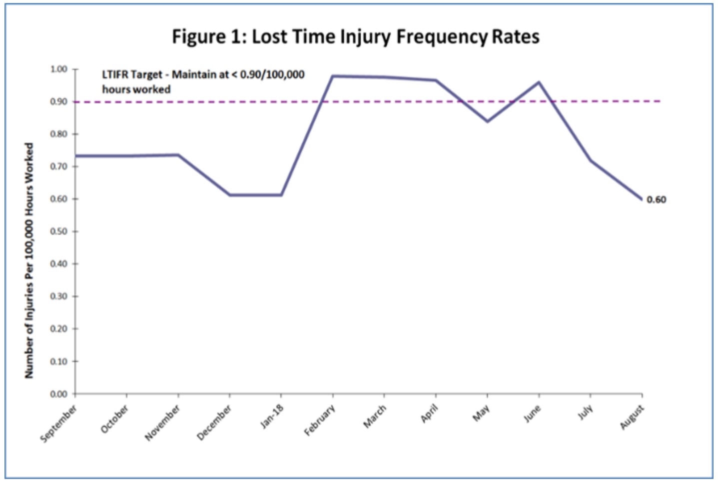
Progress with the Wellbeing Project this quarter included establishing a working group and the development of a draft Greater Wellington Wellbeing Policy. The project is on track to develop a Greater Wellington Wellbeing Strategy based on the Te Whare Tapa Wha Maori health and wellbeing model.

The core Health & Safety Training Project completed its first deliverable by developing and presenting a bespoke Greater Wellington Safety Leadership training program. Twelve staff attended the inaugural program. A core training programme for health, safety and is being developed.



In August there was a significant increase in near miss incidents reported. This reflects a greater understanding among GW staff of the need to both identify and record near misses, as opposed to being an actual increase in near misses.

The Lost Time Injury Frequency Rate (LTIFR) is currently at 0.60 occurrences per 100,000 hours worked. The LTIFR performance target rate is 0.90 occurrences per 100,000 hours worked.



SEPTEMBER FULL YEAR FORECAST FINANCIAL SUMMARY

Council Summary

Forecast operating deficit (before capital grants and fair value changes) is $1.4m favourable to budget. The variance is driven by savings in the trolley bus decommissioning project, rail and bus operating costs and additional interest earned from the prefunding of debt. This is offset by changes to cost and timing of PTTP transformation, as well as Natural Resources plan hearing and Whaitua implementation costs.

Operating Revenue

Operating revenue is forecast to be $1.6m favourable to budget, reflecting additional higher NZTA grants and interest earned from the prefunding of debt and higher interest rates on deposits. Overall Public Transport revenue is forecast to be in line with budget.

Operating Expenditure

Operating expenditure is $0.2m unfavourable to budget, primarily driven by changes to PTTP transformation costsas well as Natural Resources plan hearing and Whaitua implementation costs. This is offset by savings in the trolley bus decommissioning project and rail and bus operating costs.

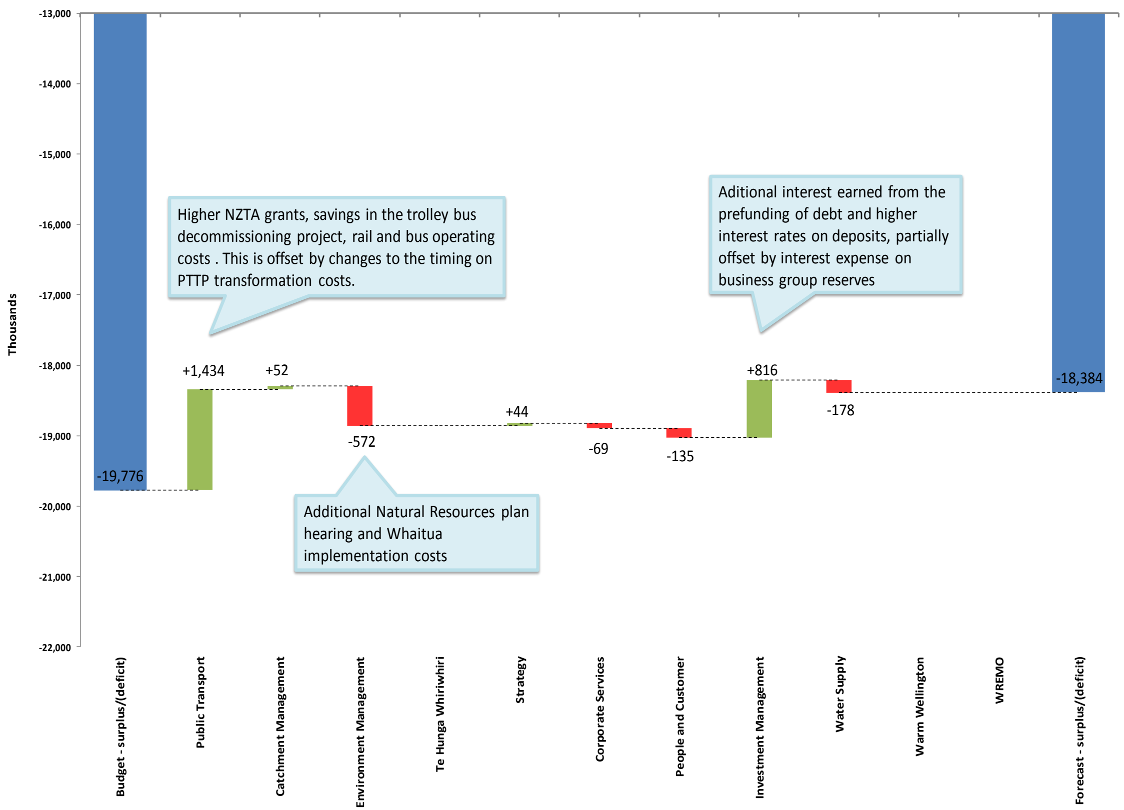
Capital Expenditure

Capital expenditure is forecast to be $2.5m favourable to budget due to the timing on rolling stock, depot shunt, lower spend on station renewals and upgrades and the timing of the Ngauranga Reservoir strengthening and Cross Harbour Pipeline project. This is partially offset by the timing of bus hub spend between 2018 and 2019, Omnibus and Interim Bus Ticketing solution.

OPERATING SURPLUS	CAPITAL EXPENDITURE
-$18.4m	**$126.3m**
$1.4m Favourable	$2.5m Favourable

Operating Surplus/(Deficit): Budget v. Forecast (full year)

(numbers exclude Capex revenue)



FULL YEAR FORECAST FINANCIAL SUMMARY BY GROUP

Statement of Revenue and Expense by Business Group - Forecast vs Budget

	FULL YEAR			FULL YEAR			FULL YEAR		
	Operational Revenue			Operational Expenditure			Operational Surplus / (Deficit)		
$000	**Forecast**	**Budget**	**Variance**	**Forecast**	**Budget**	**Variance**	**Forecast**	**Budget**	**Variance**
Group									
Public Transport	242,117	241,612	505	239,786	240,715	929	2,331	897	1,434
Catchment Management	40,083	40,293	210	30,910	31,172	262	9,173	9,121	52
Environment Management	31,723	31,723	0	26,900	26,328	572	4,824	5,396	572
Te Hunga Whiriwhiri	1,330	1,330	0	1,192	1,192	0	138	138	0
Strategy	13,317	13,329	12	14,174	14,229	56	(856)	(900)	44
Corporate Services	2,137	2,137	0	19,458	19,388	69	(17,321)	(17,252)	69
People and Customer	195	180	15	9,526	9,376	150	(9,330)	(9,195)	135
Investment Management	(4,868)	(6,003)	1,135	(3,732)	(4,051)	320	(1,137)	(1,952)	816
Water Supply	34,458	34,308	150	40,978	40,651	328	(6,520)	(6,342)	178
Warm Wellington	3,237	3,237	0	3,237	3,237	0	0	0	0
WREMO	3,999	3,999	0	3,684	3,684	0	314	314	0
TOTAL	**367,728**	**366,145**	**1,583**	**386,112**	**385,921**	**191**	**(18,384)**	**(19,776)**	**1,392**

Statement of Revenue and Expense

	FULL YEAR		
$000	**Forecast**	**Budget**	**Variance**
OPERATING REVENUE			
Rates	128,874	128,874	0
Subsidies & Grants	73,949	73,468	481
Other Revenue	158,651	158,965	313
Finance Revenue	6,253	4,838	1,416
TOTAL REVENUE	**367,728**	**366,145**	**1,583**
OPERATING EXPENDITURE			
Personnel	49,763	49,989	226
Material & Contractor/Consultant	80,119	83,573	3,454
Depreciation & Amortisation	26,674	26,674	0
Grants & Subsidy	199,655	197,896	1,759
Finance Cost	22,848	22,528	320
Other Expense	7,054	5,261	1,792
TOTAL EXPENDITURE	**386,112**	**385,921**	**191**
OPERATING SURPLUS/(DEFICIT)	**(18,384)**	**(19,776)**	**1,392**
Subsidies & Grants - Capex	**32,340**	**32,245**	**95**
Fair Value Movement	**8,907**	**8,907**	**0**
SURPLUS/(DEFICIT)	**22,864**	**21,376**	**1,487**

Capital Expenditure by Business Group

	FULL YEAR		
$000	**Forecast**	**Total**	**Variance**
Group			
Public Transport (incl investment)	77,700	76,785	915
Catchment Management	17,725	18,203	478
Environment Management	6,839	6,839	0
Strategy	915	915	0
Corporate Services	10,563	10,433	130
People and Customer	700	700	0
Investment Management	705	250	455
Water Supply	11,145	14,645	3,500
TOTAL	**126,292**	**128,770**	**2,478**

SEPTEMBER YTD FINANCIAL SUMMARY

OPERATING SURPLUS

-$1.4m

$3.6m Favourable YTD

CAPITAL EXPENDITURE

$42.4m

$10.4m Favourable YTD

Council Summary

Actual operating performance (before capital grants and fair value changes) is $3.6m favourable to budget. The variance relates partially to lower trolley bus decommissioning costs as well as timing on activity across all groups other than Investment Management.

Operating Revenue

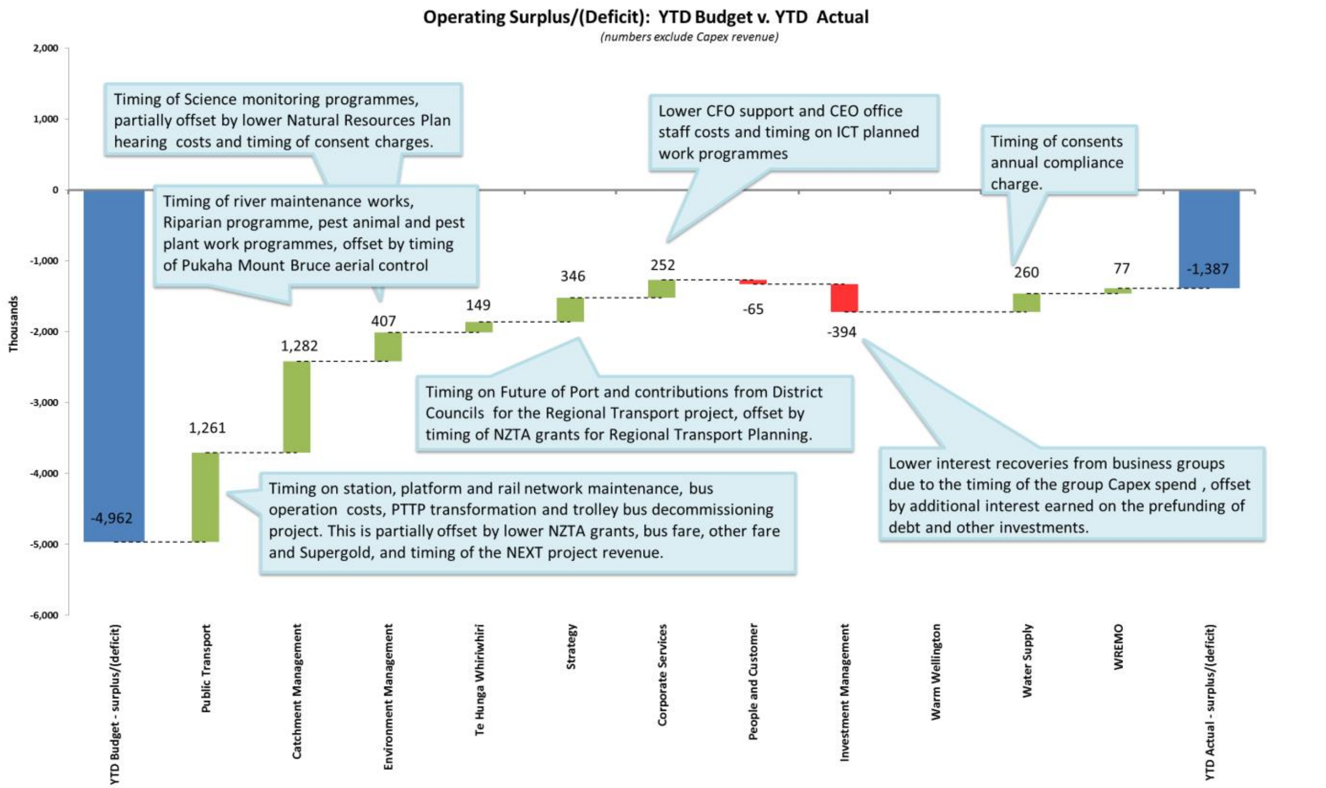
Operating revenue is $4.2m unfavourable to budget with this being driven by lower NZTA grants, bus fare revenue commencing later than budgeted , other fare and super gold and timing of revenue for the NEXT (integrated ticketing) project . This was partially offset by additional interest earned from the prefunding of debt and other investments due to higher interest rates.

Operating Expenditure

Operating expenditure is $7.7m favourable to budget with this being driven by lower Public Transport spend reflecting lower trolley bus decommissioning costs, lower bus and rail operation costs as well as timing on activity across all groups other than Investment Management.

Capital Expenditure

Capital expenditure is $10.4m favourable primarily due to timing on Public Transport related projects with small timing variations in key programme in Catchment, Environment, and Corporate Services.



SEPTEMBER YTD FINANCIAL SUMMARY BY GROUP

Statement of Revenue and Expense by Business Group - Actual vs Budget

	YEAR TO DATE				YEAR TO DATE				YEAR TO DATE		
	Operational Revenue				Operational Expenditure				Operational Surplus / (Deficit)		
$000	Actual YTD	Budget YTD	Variance	%	Actual YTD	Budget YTD	Variance	%	Actual YTD	Budget YTD	Variance
Group											
Public Transport	58,110	61,845	3,735	6%	56,780	61,775	4,996	8%	1,330	70	1,261
Catchment Management	10,575	10,760	185	2%	7,258	8,726	1,468	17%	3,317	2,034	1,282
Environment Management	7,991	8,219	228	3%	5,785	6,420	635	10%	2,207	1,799	407
Te Hunga Whiriwhiri	333	333	1	0%	146	295	148	50%	187	38	149
Strategy	2,913	3,332	420	13%	2,449	3,215	766	24%	463	117	346
Corporate Services	407	534	127	24%	4,395	4,774	379	8%	(3,988)	(4,240)	252
People and Customer	53	45	7	17%	2,414	2,342	72	3%	(2,362)	(2,297)	65
Investment Management	(1,483)	(1,912)	429	22%	(154)	(977)	823	84%	(1,329)	(936)	394
Water Supply	8,628	8,589	39	0%	10,001	10,221	220	2%	(1,373)	(1,632)	260
Warm Wellington	877	809	68	8%	877	809	68	8%	(0)	0	0
WREMO	985	1,000	15	1%	824	916	91	10%	161	84	77
TOTAL	**89,388**	**93,553**	**4,165**	**4%**	**90,775**	**98,516**	**7,740**	**8%**	**(1,387)**	**(4,962)**	**3,575**

Statement of Revenue and Expense

	YEAR TO DATE			
$000	Actual YTD	Budget YTD	Variance	%
OPERATING REVENUE				
Rates	32,435	32,219	216	1%
Subsidies & Grants	16,739	18,121	1,382	8%
Other Revenue	38,877	42,416	3,539	8%
Finance Revenue	1,338	798	540	68%
TOTAL REVENUE	**89,388**	**93,553**	**4,165**	**4%**
OPERATING EXPENDITURE				
Personnel	12,375	12,534	159	1%
Material & Contractor/Consultant	17,658	21,838	4,180	19%
Depreciation & Amortisation	6,213	6,669	456	7%
Grants & Subsidy	47,182	50,107	2,924	6%
Finance Cost	5,751	5,490	262	5%
Other Expense	1,597	1,879	282	15%
TOTAL EXPENDITURE	**90,775**	**98,516**	**7,740**	**8%**
OPERATING SURPLUS/(DEFICIT)	**(1,387)**	**(4,962)**	**3,575**	**72%**
Subsidies & Grants - Capex	**3,855**	**8,949**	**5,094**	**57%**
Fair Value Movement	**0**	**0**	**0**	**0%**
SURPLUS/(DEFICIT)	**2,468**	**3,986**	**1,519**	**38%**

Capital Expenditure by Business Group

	YEAR TO DATE			
$000	Actual YTD	Budget YTD	Variance	%
Group				
Public Transport (incl investment)	35,003	44,019	9,015	20%
Catchment Management	3,428	3,846	418	11%
Environment Management	185	677	492	73%
Strategy	42	225	183	81%
Corporate Services	1,166	1,520	354	23%
People and Customer	27	15	12	0%
Investment Management	169	120	49	41%
Water Supply	2,413	2,401	12	1%
TOTAL	**42,433**	**52,822**	**10,389**	**20%**

Report	**18.495**
Date	23 October 2018
File	CCAB-8-1967
Committee	**Finance, Risk and Assurance Committee**
Author	**David Querido, Manager: Health, Safety & Wellbeing**

Health, Safety and Wellbeing update

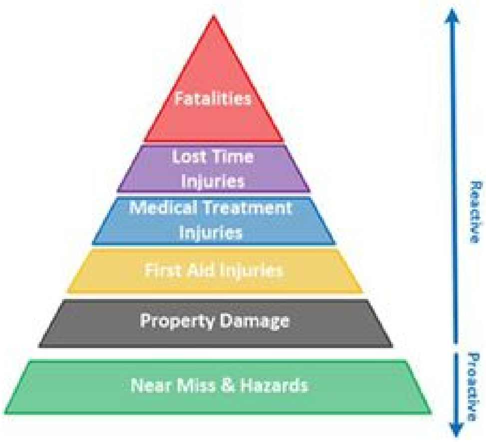
1. Purpose

To inform the Council of the health, safety and wellbeing performance of Greater Wellington Regional Council (GWRC) and activity associated with GWRC's critical risk areas.

2. Understanding our health and safety risks

During the period from 1 September 2018 to 30 September 2018, a total of 71 health and safety-related events were recorded in KESAW (Keeping Everyone Safe at Work). The following diagram is a breakdown of the events by outcome.

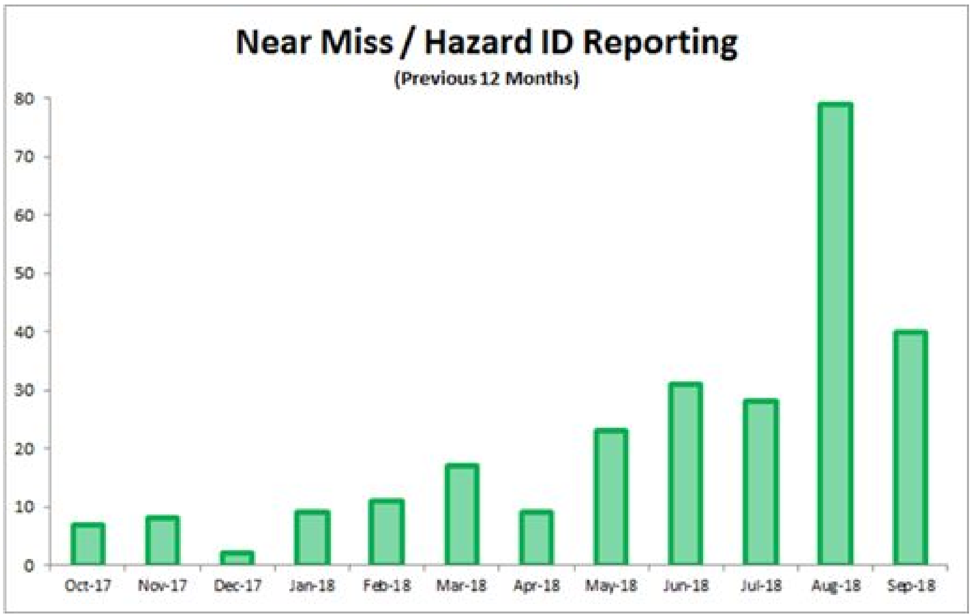
Event type	September 2018	YTD (from July 2018)
Total Events Reported	71	204
Fatalities	0	0
Lost Time Injuries (LTI)	0	2
Medical Treatment Injuries (MTI)	1	3
First Aid/Pain & Discomfort	13	26
Property damage	4	9
Near miss & hazard id reports	40	147
Other (not involving GW)	7	15



No Lost Time Injuries were reported in this period.

A total of 147 near miss reports were recorded since 1 July 2018, and 40 of those were in September 2018. Total number of near miss reports for FY17/18 was 130.

The increase in near miss reporting can be attributed to a campaign to lift near miss reports in the organisation.



3. Health and safety critical risk initiatives.

The following section provides a brief update on initiatives and activities associated with several of GWRC's identified critical risk areas over the period since the previous report, or planned for the near future.

3.1 Plant & Equipment Training

Staff are trained and competency assessed to safely use plant and equipment.

For new plant, staff are trained by the manufacturers or suppliers when the plant and equipment are introduced into the organisation.

For additional training, and where a national standard exists, for example use of Quads, staff follow the NZQA requirements to meet competency standards, this includes refresher training where required.

Where national standards do not exist, for example use of mini excavators, GW uses internal workplace assessors to ensure staff are competent in the use of plant and equipment under various operating conditions.

Opportunities for improvement include a GW standardising workplace assessment, competency and training provider, as each department tends to use their own system and providers. One of the deliverables from the Core Training Project currently underway in FY18/19 is to set just such a GW standard in assessment, competency and training provider.

3.2 Toolbox talks

Each month a toolbox talk pack is developed, published and circulated for discussion within team environments across the organisation.

The toolbox talk provides details on H&S performance include fleet stats (driver behaviour), learnings from significant incidents and near misses, covers off topics of interest on matters such as critical risks and controls, updates on wellbeing initiatives and other health, safety & wellbeing related matters.

Meeting notes are kept to record proceedings and any corrective action identified by the team requiring attention.

Toolbox talks have been very well received within the organisation and being held within most team within GW, thereby sharing the learnings and stimulating the ever important **health, safety & wellbeing conversations**, a hallmark of a high performance safety culture.

The October 2018 edition was the sixth since the inception of toolbox talk at GW.

3.3 Stop for Safety

Our planned Stop for Safety has been postponed to the end of February 2019 for a number of reasons, including the added value of starting a new calendar year with a fresh approach to GW health, safety and wellbeing.

The Stop for Safety program will include the following:

- Introducing the new health, safety & wellbeing vision and golden rules to the wide organisation.
- Will include tutorials on Safety Leaders, Toolbox talks and Near miss reporting

The Stop for Safety objective is to reset the organisation in the health, safety & wellbeing space with a strong focus on safety leadership, safety conversations and shared learnings.

Councillors will be invited to attend the various Stop for Safety sessions which will be hosted in the three main centres of the GWRC over two days.

3.4 Critical Risks Controls Project

Bowtie risk assessment analysis was completed on the third of five critical risks, i.e. Wellbeing. Next step is to use the material provide in the bowtie analysis process to develop a GW Wellbeing Strategy and Program.

3.5 Health and Wellbeing Project

Draft Wellbeing Policy has been developed and is currently out for internal stakeholder submission.

3.6 Core Training Project

This project is parked until the project lead returns from his secondment with Public Transport.

4. Communication

There is no communication required.

5. Consideration of Climate Change

The matters addressed in this report have been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide.

5.1 Mitigation assessment

Mitigation assessments are concerned with the effect of the matter on the climate (i.e. the greenhouse gas emissions generated or removed from the atmosphere as a consequence of the matter) and the actions taken to reduce, neutralise or enhance that effect.

Officers have considered the effect of the matters on the climate. Officers consider that the matters will have no effect.

Officers note that the matter does not affect the Council's interests in the Emissions Trading Scheme (ETS) and/or the Permanent Forest Sink Initiative (PFSI).

5.2 Adaptation assessment

Adaptation assessments relate to the impacts of climate change (e.g. sea level rise or an increase in extreme weather events), and the actions taken to address or avoid those impacts.

Officers have considered the impacts of climate change in relation to the matters. Officers recommend that climate change has no bearing on the matters.

6. The decision-making process and significance

No decision is being sought in this report.

7. Engagement

Engagement on this matter is unnecessary.

8. Recommendations

That the Committee:

1. ***Receives** the report.*
2. ***Notes** the content of the report.*

Report prepared by:	Report approved by:
David Querido	**Lucy Matheson**
Manager, Health, Safety & Wellbeing	General Manager, People and Customer

Exclusion of the public — Report PE18.500

That the Council:

Excludes the public from the following part of the proceedings of this meeting namely:

1. *Lending from Council to WRC Holdings Limited*
2. *Local Government Funding Agency Annual General meeting*
3. *Appointment to Predator Free Wellington*
4. *Appointment of members to Whaitua Te Whanganui-a-Tara Committee:*

The general subject of each matter to be considered while the public is excluded, the reasons for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered:	***Reason for passing this resolution in relation to each matter***	***Ground under section 48(1) for the passing of this resolution***
1. Lending from Council to WRC Holdings Limited	*The information contained in this report relates to GWRC's banking facilities and pricing. Having this part of the meeting open to the public would disadvantage the banking providers' commercial position. GWRC has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting would override this prejudice.*	*That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7(2)(b)(ii) of the Act (i.e. protect the commercial position of a person who supplied or is the subject of the information).*
2. Local Government Funding Agency Annual General Meeting	*The information contained in this report relates to the proposed election of LGFA Directors. Release of this information would prejudice the proposed Directors' privacy by disclosing the fact that they are being considered, and have expressed interest in, becoming Directors of the LGFA. Greater Wellington Regional Council has not been able to identify a public interest favouring disclosure of this*	*That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under sections 7(2)(a) of the Act (i.e. to protect the privacy of natural persons).*

	particular information in public proceedings of the meeting that would override the privacy of the individuals concerned.	
3. Appointment to Predator Free Wellington	*This report contains information relating to the proposed appointment to Predator Free Wellington. Release of this information would prejudice the proposed appointee's privacy by disclosing the fact that they are being considered, and have expressed an interest in, being appointed to Predator Free Wellington. GWRC has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override the privacy of the individual concerned.*	*That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under sections 7(2)(a) of the Act (i.e. to protect the privacy of natural persons).*
4. Whaitua Te Whanganui-a-Tara Committee appointment of members	*The information contained in this report relates to the proposed appointments of members to the Whaitua Te Whanganui-a-Tara Committee. Release of this information would prejudice the proposed appointees' privacy by disclosing the fact that they are being considered, and have expressed an interest in, being appointed to the Whaitua Te Whanganui-a-Tara Committee. GWRC has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override the privacy of the individuals concerned.*	*That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under sections 7(2)(a) of the Act (i.e. to protect the privacy of natural persons).*

This resolution is made in reliance on section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as specified above.