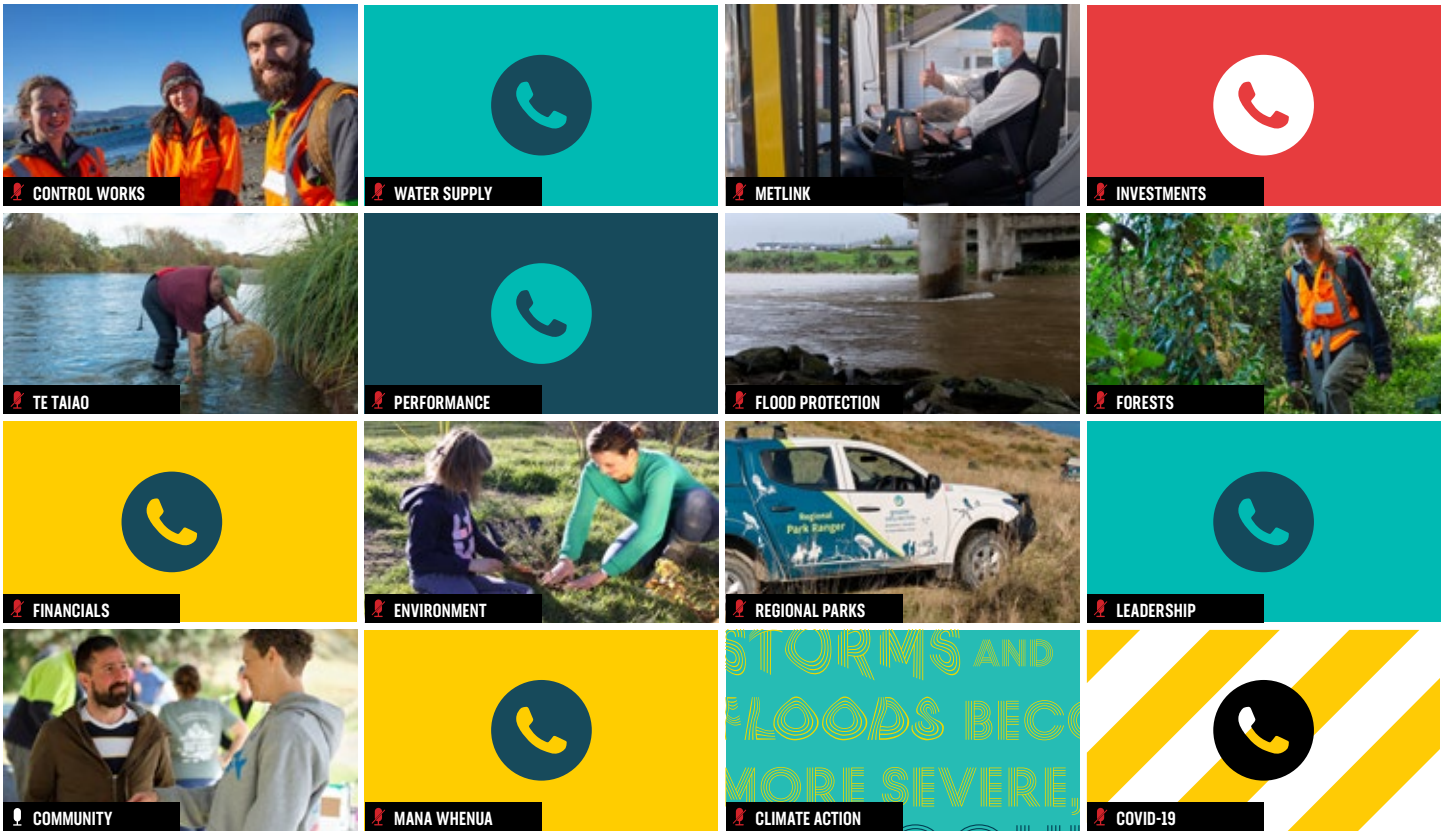


What has Greater Wellington done to work toward making our vision a reality?

TE PANE MATUA TAIAO  
GREATER WELLINGTON REGIONAL COUNCIL

# Pūrongo ā Tau 2019/20 Annual Report 2019/20





# Contents

<b>He karere nā te Heamana me Te Tumu Whakarae</b> Message from the Chair and Chief Executive.....	2
<b>He tiro whānui i ngā mahi i tutuki i a mātou</b> Overview of our performance .....	5
<b>Ko te Wāhi ki a Mātou</b> Our place in your world .....	6
<b>Ko ngā hua mō te Hapori</b> Community outcomes .....	8
<b>Ko te Mahi Tahī ki te Mana Whenua</b> Partnering with mana whenua.....	9
<b>Ko te Mahi mō te Āhuarangi</b> Climate Action .....	10
<b>Ko tā Te Pane Matua Taiao i whakahoki ai i te mate urutā KOWHEORI-19</b> How Greater Wellington responded to the COVID-19 pandemic .....	12
<b>He tiro whānui i te rawa</b> Non-financial performance .....	16
<b>He tiro whānui i te pūtea</b> Financial performance .....	18
<b>Ngā Mahi a Te Pane Matua Taiao</b> Activities of the Greater Wellington Regional Council .....	22
<b>Te Taiao</b> Environment .....	25
<b>Ngā Papa Whenua</b> Regional Parks and Forests .....	35
<b>Te Tiaki me te Arahi Waipuke</b> Flood Protection and Control Works.....	41
<b>Ngā Kaihautū o te Rohe</b> Regional Leadership .....	47
<b>Ngā Puna Wai</b> Water Supply .....	57
<b>Ngā Waka Tūmatanui</b> Metlink Public Transport .....	65
<b>Tā te Kaunihera Rōpū me ngā Mahi Haumi</b> Council Controlled Organisations and Investments .....	75
<b>He tauākī pūtea</b> Financial Statements.....	86
<b>He whakamārama mō ngā Tauākī Pūtea</b> Notes to the Financial Statements.....	96
<b>He tauākī whākinga a te Pūrongo ā-Tau mō te tau ka oti i te 30 o Hune 2020</b> Annual Report disclosure statement for the year ended 30 June 2020.....	153
<b>He tauākī mō te tutukinga o ngā tūtohu me ngā haepapa</b> Statement of compliance and responsibility.....	157
<b>He Pūrongo Arotake Pūtea</b> Audit Report .....	158
<b>Ētahi atu taipitopito korero</b> Other information .....	162
<b>Ngā Māngai a Rohe</b> Regional Councillors as at June 2020 .....	163
<b>Ko te Tū ā Komiti o te Kaunihera</b> Council committee structure.....	164
<b>Ko tā Te Pane Matua Taiao tū</b> Greater Wellington structure.....	165

# He karere nā te Heamana me Te Tumu Whakarae

## Message from the Chair and Chief Executive

Kia ora koutou,

2019/20 has been a year like no other.

We reflect with a sense of pride on the way we have persevered through, and successfully managed, the challenges faced across our region in the closing months of 2019/20 with the emergence of the COVID-19 pandemic and the subsequent Alert Level restrictions.

Regular operations were somewhat overshadowed in the last quarter by the activation of Greater Wellington's crisis management processes in response to Alert Level restrictions. In addition to maintaining core business functions, we successfully redeployed staff to resource our emergency management functions in the Emergency Coordination Centre. Every day, Greater Wellington people left the security of their "bubbles" to perform this critical work.

Pre-COVID-19, in October 2019, the triennial local government elections took place and we welcomed in a new Council – including six new Councillors – and elected a new Chair. The new Council has shown commitment to the things that really matter – refocusing as an environmental agency, committing to climate change mitigation and adaptation, and partnering with mana whenua.

As well as focusing on community resilience in 2019/20, we've also taken steps to ensure regional resilience in the future.

In collaboration with local councils and central government agencies, we have led breakthrough work on a regional spatial plan, the Wellington Regional Growth Framework.

In September 2019 Council voted to declare a climate emergency, signalling the urgency of the action we need to take to mitigate and adapt to the effects of climate change and extreme weather events.

We confirmed a goal of becoming carbon-neutral by 2030, with an aim of a 40 percent reduction in emissions by 2025 – and agreed key interventions and pathways to achieve this goal.

We continued to work hard to improve the performance of our public transport network across the region, working with KiwiRail to support their rail infrastructure renewal programme. This will ensure the network is fit for purpose and will improve the resiliency of rail across the region.

The Bus Network Review was completed, with over 2,000 people participating in community engagement through an intensive programme of focus groups, community drop-ins and online surveys. Response to the engagement from participants was positive, as was the response to the improvements that have been delivered to respond to the feedback.

We continued to accelerate decarbonisation of Metlink buses, with contracts with NZ Bus and Tranzurban for 98 electric buses signed in June 2020. These will start to arrive in the first half of 2021 and will be fully in place by early 2023.

During the COVID-19 Alert Level 4 lockdown the Metlink team did a huge amount of work to ensure the provision of public transport as an essential service in a way that responded to government directives, customer needs, and the safety of passengers and Metlink staff.

In the first three quarters of the year patronage across our public transport network rose steadily. As we emerge from the COVID-19 Alert Level 4 lockdown, patronage in the Wellington Region has increased at a rate higher than anticipated. In fact, Wellington's recovery in terms of public transport patronage is the strongest in the country.

We publicly notified decisions on the proposed Natural Resources Plan, which provides a very comprehensive blueprint for the positive management of the region's natural resources. Parts of the decision have been appealed to the Environment Court, and resolution of appeals continues. The Plan will become fully operative once all appeals are resolved.

We continued to protect our environment by responding to incidents and following them through with appropriate enforcement actions.

Building on whatua success in prior years we continued our mahi to improve the health of our land and waterways through the Whatua te Whanganui-a-Tara committee. This committee works with stakeholder organisations, mana whenua and local communities to improve the health of the waterways in the Te Whanganui-a-Tara catchment, which extends from Upper Hutt in the north to Wellington City in the south, Wainuiomata in the east and Makara in the west.

Across all our activities effective partnering with mana whenua is a crucial focus for Greater Wellington. This year our Councillors and mana whenua embarked on a co-designed process to reset the partnership for the future.

The last financial year has been very challenging, particularly as a result of COVID-19 Alert Level restrictions. We've achieved an operating deficit of \$0.98 million for the year, compared to the forecast surplus of \$12.7 million set in the 2019/20 Annual Plan. This is mainly due to lower transport improvement grants from Waka Kotahi/NZ Transport Agency relating to delayed capital projects. While some of the delays impacted our ability to meet planned delivery schedules, other delays were deliberately planned to reduce the borrowings until the impacts of the COVID-19 Alert Level restrictions were known.

Please take the time to read our 2019/20 Annual Report. We are proud of the work we've done this year, but our achievements would not have been possible without our collaborative partnerships and the support of our communities. Thank you.

Nāku noa, nā



**Greg Campbell**  
**Chief Executive**



**Daran Ponter**  
**Council Chair**

“

A FREQUENT COMPLAINT  
FROM THE PUBLIC IS THAT

local body  
politics  
is, boring

AND NOT RELEVANT TO THEM.

WHAT INITIATIVES HAVE BEEN  
INTRODUCED TO

attract  
new blood

ONTO GREATER  
WELLINGTON REGIONAL COUNCIL?

”

**He tiro whānui i ngā  
mahi i tutuki i a mātou**

**Overview of our  
performance**

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# Ko te Wāhi ki a Mātou

## Our place in your world

This Annual Report describes the work that Greater Wellington Regional Council (Greater Wellington) has undertaken between 1 July 2019 and 30 June 2020. It focuses on actual performance against what was planned in the second year of the 2018-28 Long Term Plan and covers both financial and non-financial performance against targets.

The 2019/20 Annual Report has been prepared in accordance with Section 98 of the Local Government Act 2002.



## Strength, Resilience, and Adaptability

2019/20 has been a year like no other in Greater Wellington's history. Throughout the year we continued to lead and deliver on collaborative work programmes focused on developing an extraordinary region – thriving, connected and resilient.

This year we:

- set targets to be carbon neutral by 2030 and climate positive by 2035
- welcomed in a new Council with six new councillors and elected a new Chair, as result of the triennial local government elections
- completed the Wellington City Bus Network Review and began implementing the action plan
- gained Government agreement and funding for a detailed business case and tender process for new regional commuter trains
- accelerated our decarbonisation of the Metlink bus fleet by signing contracts for an additional 98 electric buses to be added over the next two years. released the decisions on the proposed Natural Resources Plan and completed the submission and hearing processes
- built on whaitua success from previous years and continued our mahi to improve the health of our land and waterways through the Whaitua te Whanganui-a-Tara committee
- delivered our Key Native Ecosystems programme, including operational support and advice to site partners, most notably at East Harbour, Northern Forest, Parangarahu Lakes Area, Baring Head/Ōrua-pouanui, Waitohu and Ōtaki Coast
- reached a significant milestone for the Predator Free Wellington – Miramar project with most of the Miramar Peninsula now free of Norway rats and mustelids
- connected with communities by delivering workshops to provide advice on improving stream quality to over 15 different community groups; supporting 62 landowners to help them restore 95 wetlands across the Wellington Region; and supporting three community groups in Wairarapa Moana to undertake restoration projects
- commenced the development of the Wellington Regional Growth Framework (regional spatial plan)
- progressed our contributions to a number of major projects, including RiverLink, Let's Get Wellington Moving, and the Multi-User Ferry Terminal
- supported the development of a strategy for the region's Māori economy.

In the last three months of the financial year (April – June 2020), we found ourselves, like councils across New Zealand, grappling with extreme levels of uncertainty surrounding the COVID-19 pandemic, and what this meant not just for our immediate lives but for our shared future. During this time we maintained core business functions, while supporting our region by deploying 76 Greater Wellington staff to resource the region's Emergency Coordination Centre and continuing to deliver our public transport network. We also supported Māori communities in their response to the pandemic.

More details on Greater Wellington's response to COVID-19 can be read on pages 12-15 (*Ko tā Te Pane Matua Taiao i whakahoki ai i te mate urutā KOWHEORI-19 | How Greater Wellington responded to the COVID-19 pandemic*).

You can read more about the performance of Greater Wellington's activities on pages 22-73 (*Ngā Mahi a Te Pane Matua Taiao | Activities of Greater Wellington Regional Council*).

# Ko ngā hua mō te Hapori

## Community outcomes

Greater Wellington aims to improve the quality of life of the people who live in the Wellington Region. We aspire to improve the overall wellbeing of the region and we do

this by aligning the work we do through five Community Outcomes. These outcomes underpin the activities we do, and flow through to our vision.

### Our Vision:

*He rohe taurikura – ka tōnui, ka honohono, ka pakari hoki*

*An extraordinary region – thriving, connected and resilient*

### Our Community Outcomes

Outcome	What does that mean?	Contributing Groups of Activities
Strong economy	<i>A thriving and diverse economy supported by high quality infrastructure that retains and grows businesses and employment</i>	<i>Environment (page 25) Regional Parks and Forests (page 35) Flood Protection and Control Works (page 41) Regional Leadership (page 47) Water Supply (page 57) Metlink Public Transport (page 65)</i>
Connected community	<i>People are able to move around the region efficiently, and our communications networks are effective and accessible</i>	<i>Regional Leadership (page 47) Metlink Public Transport (page 65)</i>
Resilient community	<i>A community that plans for the future, adapts to change and is prepared for emergencies</i>	<i>Environment (page 25) Flood Protection and Control Works (page 41) Regional Leadership (page 47) Water Supply (page 57)</i>
Healthy community	<i>An environment with clean air, freshwater, healthy soils and diverse ecosystems that supports community needs</i>	<i>Environment (page 25) Regional Parks and Forests (page 35) Flood Protection and Control Works (page 41) Regional Leadership (page 47) Water Supply (page 57) Metlink Public Transport (page 65)</i>
Engaged community	<i>An engaged community that takes pride in our region, values our urban and rural landscapes, and enjoys our amenities and choice of lifestyles</i>	<i>Environment (page 25) Regional Parks and Forests (page 35) Regional Leadership (page 47)</i>

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# Ko te Mahi Tahī ki te Mana Whenua

## Partnering with mana whenua

Greater Wellington has enjoyed strong and productive partnerships with mana whenua collectively and with each mana whenua entity directly since 1993. Enabling partnerships with mana whenua in the region honours our commitment and obligations to Te Tiriti o Waitangi. This partnership creates opportunities to advance aspirations and priorities. Greater Wellington is committed to:

- supporting rangatira ki te rangatira relationships;
- ensuring mana whenua are central to decision making on Council's committees;
- strengthening mana whenua and Māori outcomes in the region;
- protecting and enhancing natural resources and taonga tuku iho, with a particular focus on freshwater; and
- advancing Māori economic development.

There are six iwi which are mana whenua in our region and that have kaitiaki roles and responsibilities over the land, waterways, animals and birds in their respective rohe. Greater Wellington has established and maintains relationships with each iwi, who are:

- Ngāti Kahungunu ki Wairarapa (represented by Ngāti Kahungunu ki Wairarapa Charitable Trust)
- Taranaki Whānui ki Te Upoko o Te Ika (represented by the Port Nicholson Block Settlement Trust)
- Ngāti Toa Rangatira (represented by Te Rūnanga o Toa Rangatira Inc)
- Te Ātiawa ki Whakarongotai (represented by Ātiawa ki Whakarongotai Charitable Trust)
- Ngāti Raukawa ki te Tonga (represented by Ngā Hapū ō Ōtaki)
- Rangitāne o Wairarapa (represented by Rangitāne o Wairarapa Inc).

A strong partnership enables us to work together to achieve our dual roles of sustainably managing and protecting natural resources for the benefit of current and future generations. To ensure that our partnerships with mana whenua are focused on the future, Council and mana whenua agreed to review the collective relationship that was established in 1993 through the partnership forum, Ara Tahī. Our collective discussions continue with all parties committed to a strong and enabling collective relationship.

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# Ko te Mahi mō te Āhuarangi

## Climate Action

Our communities, infrastructure, economy and natural environment are all affected by the changing climate. Conversations about climate change have matured significantly over the past few years as community concerns grow about climate change and its impacts on where we live.

A special report prepared by the Intergovernmental Panel on Climate Change says we only have until 2030 to reduce carbon emissions by half if we are to limit temperature rises to 1.5 degrees above pre-industrial times. This is considered the danger line for global warming.

The New Zealand Government's response this year included passing the landmark Climate Change Response (Zero Carbon) Amendment Act 2019. This provides a framework to support New Zealanders to prepare for and adapt to, the effects of climate change. It is a key part of the Government's plan to tackle the collective and long-term challenges ahead.

In August 2019 Greater Wellington joined the global movement with Council declaring a climate emergency. This declaration signals a step change in how Greater Wellington addresses its response to the climate crisis. Our leadership is crucial with the closing window of opportunity to prevent the worst effects of climate change demanding an extraordinary response.

We have two key roles in mitigating and adapting to climate change. Firstly, we believe it is important to ensure that we are minimising our impact on climate change by reducing our corporate carbon emissions, as this is something that is largely within our control. To support this approach we have adopted the ambitious goal of being carbon neutral by 2030. This means we are aiming to remove more carbon emissions from the atmosphere than we emit.

Greater Wellington also has a role to work with territorial authorities, mana whenua and the regional sector on regional climate change mitigation and adaptation approaches. One key way we do this is by convening the Wellington Regional Climate Change Working Group, which provides a forum to advance regional climate action.

To ensure our efforts on climate action are put to best effect, we interpret the latest climate science and evidence to understand what it means for our region and communities. This information informs our policies and actions on climate change to create a more resilient future. We know that extreme weather events are predicted to become more severe and frequent in our region and we are already seeing some of these impacts - such as increasing extreme rainfall events occurring on our west coast<sup>1</sup>. To support our rural communities with forecasting weather patterns we also provide a dedicated seasonal climate hub<sup>2</sup> for the farming community.

Some of the key new initiatives Council signed up for and have been actioned during this financial year include:

- establishment of a Climate Committee to place climate action front and centre of Greater Wellington's governance and activities
- setting ambitious carbon neutral and climate positive goals, alongside two ten point action plans for corporate and regional climate action
- committing to increase the number of electric buses in the Metlink public transport fleet from the current 10 vehicles to 108 vehicles by December 2023, to substantially reduce the bus related emissions in central Wellington
- advocating to central government to ensure legislation enables Greater Wellington to expedite climate action. This year we advocated for Resource Management Act reform to give local government the ability to consider carbon emissions when reviewing consent applications. Greater Wellington's recommendation was adopted
- submitting on the establishment of the Climate Change Response (Zero Carbon) Amendment Act 2019, to strongly advocate for this legislation that empowers local government to have a greater role in taking climate action. We were successful in changing the purpose of the Act to include climate change adaptation, which was a significant omission given addressing the impacts of climate change is equally important as transitioning to a low carbon society.

<sup>1</sup> <https://www.gw.govt.nz/assets/Climate-change/GWRC-NIWA-climate-extremes-FINAL3.pdf>

<sup>2</sup> <http://www.gw.govt.nz/seasonal-climate-hub/>

## Our Carbon Footprint

Greater Wellington owns responsibility for reducing the carbon footprint that comes from all our public services and contracts delivered on behalf of the public. Measuring our carbon footprint each year is essential to ensure we meet our ambitious carbon neutral and climate positive goals.

This year Greater Wellington received an independent certification of our carbon footprint by auditors Toitu-Envirocare<sup>3</sup>. The audit provides confidence in our estimates of carbon emissions that we produce across the organisation, including Council Controlled Organisations and service contracts<sup>4</sup>.

Greater Wellington's corporate carbon emissions have increased by an average of 9.3 percent each year for the past three years. Our emissions for the last financial year were estimated at 42,745 tonnes of carbon dioxide equivalents (Figure 1).

With our ambitious carbon neutral and climate positive goals in mind, we need to see our carbon footprint decreasing year on year, rather than increasing. There is a lot of work to do to ensure we achieve our future goals, but we are committed to minimising our impact on the environment and demonstrating leadership in addressing the climate crisis.

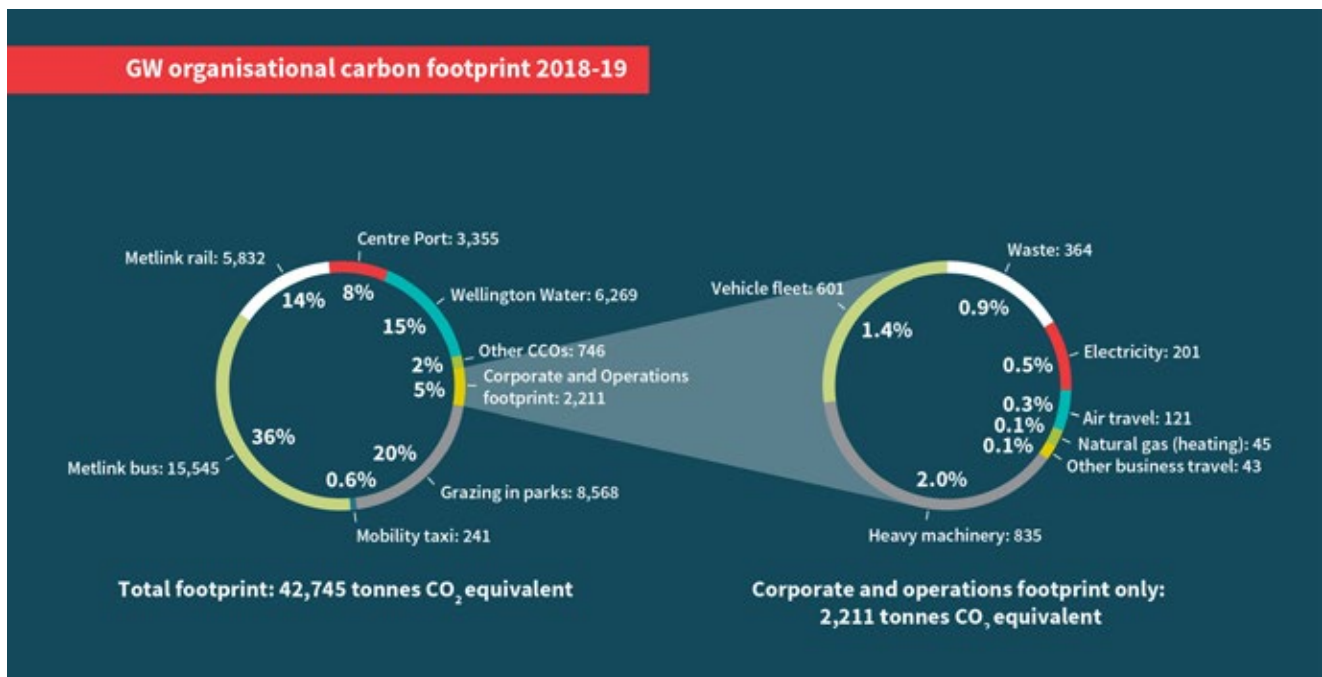


Figure 1: Greater Wellington corporate carbon footprint is compiled from the most recent emissions data, for the 2018-19 financial year.

<sup>3</sup> <https://www.toitu.co.nz/our-members/members/greater-wellington-regional-council>

<sup>4</sup> The scale of this footprint is a significant departure from the scope of previous year carbon footprints and represents a 'base year'. It is not comparable to previous years.

# Ko tā Te Pane Matua Taiao i whakahoki ai i te mate urutā KOWHEORI-19

## How Greater Wellington responded to the COVID-19 pandemic

### Timeline

#### New Zealand and the World

**27 January 2020:** New Zealand Ministry of Health (MoH) issued its first notification of a novel coronavirus, with 2,000 cases in China with 56 deaths. There were also 46 cases reported outside of China. The novel coronavirus became a notifiable disease under the Health Act in New Zealand.

**28 January 2020:** the MoH activated its National Health Coordination Centre for this developing event. The New Zealand Pandemic Framework was initiated and the prearranged stages were being planned for.

**30 January 2020:** The World Health Organisation (WHO) declared the novel coronavirus a Public Health Emergency of International Concern (PHEIC). At this time there had been 98 cases in 18 countries outside of China, with no deaths reported.

**11 February 2020:** WHO named the novel coronavirus 'COVID-19.'

**7 March 2020:** there were 100,000 cases of COVID-19 reported globally.

**11 March 2020:** the WHO characterised COVID-19 as a Pandemic, taking it beyond the PHEIC.

#### Greater Wellington

Greater Wellington had a listening watch on the evolving event with a daily update provided to the Executive Leadership Team (ELT).

**30 January 2020:** The staff at Greater Wellington received their first of many updates of the situation and the response, including health and hygiene messaging.

**17 February 2020:** Greater Wellington's ELT approved the new updated version of the Greater Wellington Pandemic Plan.

**5 March 2020:** Greater Wellington's Crisis Management Team (CMT) was activated and first meeting was held.

## New Zealand and the World

**22 March 2020:** The New Zealand Government drew up and initiated the new 'COVID-19 Alert Level' system for management of the COVID-19 pandemic (Levels 1 – 4). New Zealand was placed in Level 2 immediately.

**25 March 2020:** New Zealand was placed in Alert Level 3 as we hit 200 cases of COVID-19.

**26 March 2020:** New Zealand was placed in Alert Level 4 – Lockdown – at this time we had 280 cases.

To enable the powers to manage Alert Level 4, a State of National Emergency was declared by the Minister of Civil Defence along with the notification of an Epidemic Notice by the government.

**28 April 2020:** New Zealand moved from Alert Level 4 to Alert Level 3.

## Greater Wellington

**22 March 2020:** Greater Wellington prepared staff to enable them to work from home.

### **26 March 2020 (Alert Level 4 commenced):**

- Greater Wellington closed all office sites and the majority of our staff worked from home.
- Council meetings and workshops were moved to be delivered virtually.
- Council Committee meetings were suspended.
- A large number of staff were deployed to work in the Emergency Coordination Centre (ECC).
- Field work (e.g. pest control) was suspended.
- Harbour Management (in particular the 24/7 operation of Beacon Hill signal station) was an essential service we had to maintain.
- Public Transport operated a reduced service with reduced capacity, in line with government guidelines.
- Regional Parks remained open for visitors.
- Public communications focussed on how to stay safe on Public Transport and when visiting Regional Parks at Alert Level 4.

### **28 April 2020 (Alert Level 3 commenced):**

- All Greater Wellington offices remained closed with the exception of depots and park ranger facilities for authorised staff.
- Council Meetings and Workshops continued to be delivered virtually.
- Council Committee meetings remained suspended.
- A large number of staff continued to work in the ECC.
- Field work resumed in a limited capacity.
- Harbour Management (in particular the 24/7 operation of Beacon Hill signal station) was an essential service we had to maintain.
- Public Transport operated a reduced service and capacity in line with government guidelines.
- Public communications focussed on how to stay safe on Public Transport and when visiting Regional Parks at Alert Level 3.

## New Zealand and the World

**14 May 2020:** New Zealand moved from Alert Level 3 to Alert Level 2.

**25 May 2020:** New Zealand moved to Alert Level 1.

The State of National Emergency was lifted and a Transition Notice was put in place to enable the recovery for this stage.

## Greater Wellington

### **14 May 2020 (Alert Level 2 commenced):**

- Greater Wellington re-opened office sites for staff, with rules and restrictions around the number of staff allowed within the office on any given day (50%). Additional office cleaning was undertaken, and QR codes, contact tracing lists and sanitising stations were set up at all entry points in our offices.
- Council Meetings and Workshops continued to be delivered virtually.
- Council Committee meetings remained suspended.
- A large number of staff continued to work in the ECC.
- Field work continued in a limited capacity.
- Harbour Management (in particular the 24/7 operation of Beacon Hill signal station) was an essential service we had to maintain.
- Public Transport resumed normal service levels while maintaining reduced capacity, in line with government guidelines.
- Public communications focussed on how to stay safe on Public Transport and when visiting Regional Parks at Alert Level 2.

### **25 May 2020 (Alert Level 1 commenced):**

- Greater Wellington offices were re-opened to the public and staff number restrictions were removed.
- Council meetings and workshops returned to being held in-person.
- Staff continued to work in the ECC.
- Council Committee meetings resumed.
- Field work resumed normal operations.
- Harbour Management (in particular the 24/7 operation of Beacon Hill signal station) was an essential service we had to maintain.
- Public Transport continued with normal service levels and returned to normal capacity.
- Public communications focussed on how to stay safe on Public Transport and when visiting Regional Parks at Alert Level 1.



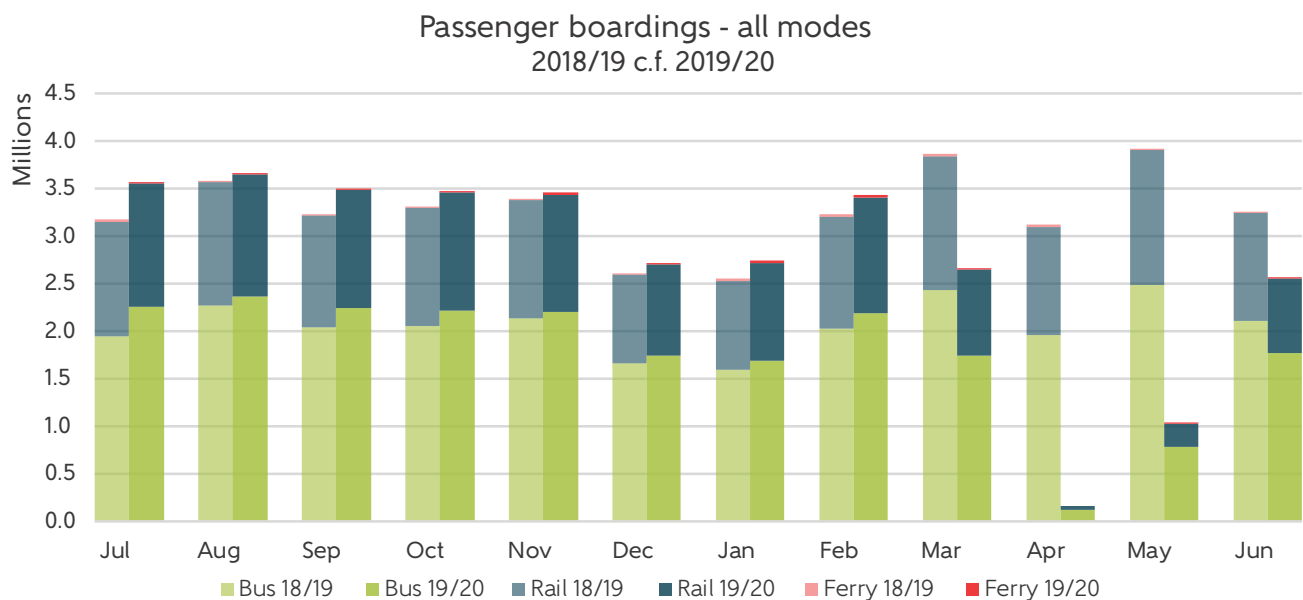
## Financial Impact

The financial impact of COVID-19 touched on three main areas of Greater Wellington in the last three months of 2019/20:

- Consents revenue: there was a minor impact
- Public Transport revenue from patronage: while a major impact was experienced on public transport patronage numbers, the financial impact was mitigated by the Council securing additional funding from Waka Kotahi/NZ Transport Agency to cover the shortfall.
- Capital expenditure: significantly lower mainly as a result of project completion delays and our ability to meet planned delivery schedules, as well as deliberate delays to reduce borrowings until the impacts of the COVID-19 Alert Level restrictions were known.

Full details on the financial impact of COVID-19 are provided later in the Notes to the Financial Statements (refer Note 2 on page 98).

## Public Transport Impact



### Bus and Ferry

Bus passenger boardings was showing steady upward growth prior to COVID-19 Alert Level restrictions. Between July 2019 and February 2020 bus boardings grew, to reach over 16.9 million boardings. This represented a 7.3 percent increase in passenger boardings year-to-date. Ferry boardings, however, declined by 1.4 percent during the same period.

As we have moved down the COVID-19 Alert Levels we have seen bus boardings increase at a higher rate than anticipated. By the end of June 2020 passenger numbers were at approximately 84 percent of June 2019 boardings.

### Rail

Prior to COVID-19 Alert Level restrictions rail passenger boardings continued to grow strongly, particularly during peak periods. Between July 2019 and February 2020 rail passenger boardings grew by 318,500, to reach over 9.5 million boardings. This represented a 3.5 percent increase in boardings over the year-to-date (and a 5.4 percent increase at peak periods year-to-date).

Since the move to COVID-19 Alert Level 1, rail passenger boardings have continued to increase at a rate higher than anticipated. By the end of June 2020 rail passenger boardings were at approximately 70 percent of June 2019 boardings.

# He tiro whānui i te rawa

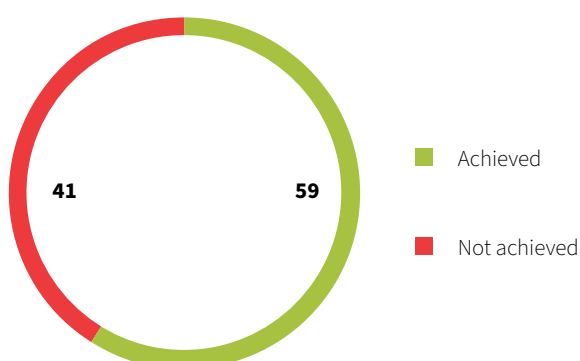
## Non-financial performance

Greater Wellington reports against 63 non-financial performance measures in the Annual Report. These measures were set during the preparation of the 2018-28 Long Term Plan.

Greater Wellington achieved 59 percent (37) of the non-financial performance measures and did not achieve 41 percent (26) of our measures. Many of the measures that were not achieved were very close to their target.

We rely on the delivery of an annual on-transport passenger satisfaction survey to measure the four Metlink Public Transport satisfaction performance measures. This annual survey was unable to be carried out in May 2020 because of COVID-19 Alert Level restrictions reducing patronage and therefore not having a comparable sample size to the previous year. The physical distancing restrictions also meant that carrying out an on-transport survey was not appropriate. We did carry out an interim survey in November 2019 using the same methodology as the annual survey, but only covering the rail network and the Wellington City services on the bus network. We have used this interim survey to provide indicative results for these performance measures. You can read more about this in the Ngā Waka Tūmatanui | Metlink Public Transport section on page 66.

### 2019/20 Status of non-financial performance



The *achieved* status of our non-financial performance measures reflects the depth and breadth of the work Greater Wellington carried out over the year. We also exceeded a number of targets even amongst the pressures of the COVID-19 Alert Level restrictions:

- Regional Parks and Forests achieved five out of six performance measures including planting 63,367 native trees in regional parks, against the target of 35,000 (across Battle Hill, Belmont, Whitireia<sup>5</sup>, Queen Elizabeth, East Harbour, Wainuiomata, Kaitoke and Pakuratahi Parks).
- Land Management planted 755 hectares of erosion-prone hill country against a target of 550 hectares, supported by the One Billion Trees programme.
- Regional Transport Planning and Programmes increased the number of adults participating in sustainable transport initiatives and promotions to 4,418 (compared with 4,403 in 2018/19). This was in spite of a number of workshops and initiatives being cancelled due to the COVID-19 Alert Level restrictions in the last quarter of the year.
- The Wellington Regional Emergency Management Office (WREMO) continued to work with regional communities, with 31.2 percent of households in the region confirming they have emergency supplies for seven days, exceeding the annual target by almost 20 percent.
- We kept the Beacon Hill Harbour Communications station fully staffed and operational 24 hours a day, seven days a week through the whole year, ensuring safety of marine activities in and around Harbour (Port Nicholson).
- We delivered the Key Native Ecosystem (KNE) programme in full, to ensure we continue to have a full range of naturally occurring habitats that are healthy and functioning and supporting diverse native plants and animals.

<sup>5</sup> Whitireia Park is administered by the Whitireia Park Board

Only seven of the 26 targets not achieved in 2019/20 can be directly linked to the COVID-19 Alert Level restrictions impacting our ability to deliver our services to the level anticipated. Most significantly impacted were:

- Public Transport passenger boarding per capita, for year to date February 2020 our annual passenger boardings per capita were sitting at 75.3, but by 30 June 2020 this figure had dropped to 62.4.
- Regional Park Volunteer Hours: during COVID-19 Alert Level 4 and 3 volunteer hours in our regional parks were suspended. We also moved our usual volunteer planting days in autumn/winter to be carried out by contractors, due to the uncertainty of the COVID-19 pandemic. This meant our total volunteer hours were only 10,720 against a target of 15,000.
- Pest Control: We were only able to deliver possum predator control across 76 percent of the planned Regional Possum Predator Control Programme area during 2019/20. The COVID-19 Alert Level 4 and 3 restrictions prevented the total area from receiving pest control. However, for the area that was covered during the year the residual trap catch was within the target.

Of our other *not achieved* targets:

- The total hectares of erosion prone hill-country covered by an active Farm Plan missed its target of 62 percent by 1.6 percent.
- The survival rate of poles planted under the Wellington Regional Erosion Control programme (WRECI) was 56 percent against a target of 85 percent. This is attributed to the significant summer drought causing greater tree mortality than in typical years.
- Our Harbour Management team issued an increased number of infringements during the year, when the target was to decrease the number from last year. The increase in infringements is due to an increased focus on marine safety, resulting in increased enforcement activities.
- We did not achieve our Water Supply target to ensure sufficient water is available to meet normal demand except in a drought with a severity of greater than or equal to 1 in 50 years, due to throughput capacity limitations at the Te Marua Water Treatment Plant.
- Bus punctuality at both origin and destination continued to be challenged by traffic congestion, operator scheduling, and timetabled run times. While not achieved against the 95 percent target, the 2019/20 bus punctuality at origin result of 94.2 percent was an improvement on the result reported for 2018/19 (92.5 percent).

# He tiro whānui i te pūtea

## Financial performance

The financial overview provides a summary of the major aspects of our financial management and results for the 2019/20 year.

This overview gives Wellington Region 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.

Our last financial year had many challenges, particularly those resulting from COVID-19 Alert Level restrictions. Greater Wellington continued to focus on enhancing its financial management and sound financial position, performing strongly in managing operating costs.

We achieved an operating deficit of \$0.98 million for the year. The differences within revenue and costs are primarily due to additional externally funded costs which offset each other. Notable items are the revenue and expenses relating to the National Land Transport Fund (NLTF) “transitional rail” funding for improvements to the Wellington rail network from Waka Kotahi/NZ Transport Agency.

Our net capital expenditure was \$43.3 million less than budget. This is mainly a result of delays in project completion, particularly as COVID-19 Alert Level restrictions impacted our ability to meet planned delivery schedules. The largest impacts relate to:

- Lower than budgeted RiverLink project expenditure for the purchase of land and the planned demolition and removal of unused buildings to make way for the Te Awa Kairangi/Hutt River project
- Delays in the planned investments on the Project NEXT public transport payment system
- Delays in the bus shelter and station renewals, upgrades, and signage.

# Finances at a glance

## Annual revenue

---

2018/19  
Actual  
\$388.6 million

2019/20  
Annual Plan  
\$408.5 million

2019/20  
Actual  
\$439.7 million

**\$173.6  
million**  
from rates  
and levies

**\$264.2  
million**  
from grants  
and other  
sources

## Annual expenditure

---

2018/19  
Actual  
\$388.7 million

2019/20  
Annual Plan  
\$395.8 million

2019/20  
Actual  
\$438.0 million

## Capital expenditure

---

2018/19  
Actual  
\$81.9 million

2019/20  
Annual Plan  
\$98.8 million

2019/20  
Actual  
\$45.8 million

## Debt

---

2018/19  
Actual  
\$467.5 million

2019/20  
Annual Plan  
\$568.1 million

2019/20  
Actual  
\$519.7 million

## Financial overview for the year ended 30 June 2020

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**\$18.7 million**  
net deficit after  
tax for 2019/20

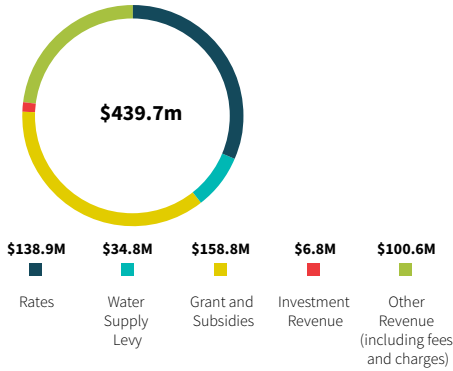
**\$5.90**  
cost of delivering all  
Greater Wellington  
services per rating  
unit per day

**\$1.7 billion**  
of total assets  
managed by  
Greater Wellington

**AA credit rating**  
with Standard &  
Poor's indicating  
good financial health

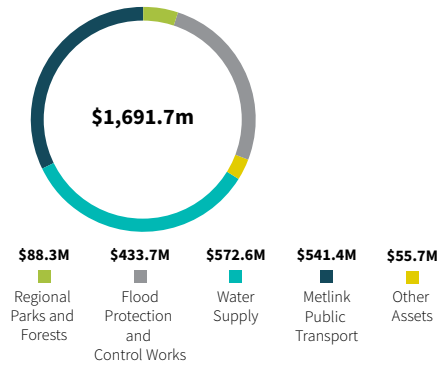
### Revenue

Greater Wellington's revenue is sourced primarily through rates, and grants from central government. Other revenue sources include the water supply levy (paid by metropolitan city councils in the region), and fees, charges and investment income.



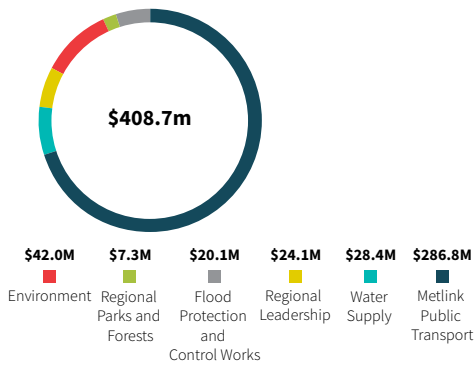
### Asset base

The pie chart below illustrates Greater Wellington's asset base comprising public transport, flood protection, water supply and parks. Public transport includes \$456.9m of rail rolling stock and railway station infrastructure owned by Greater Wellington Rail Limited, a Council Controlled Organisation.



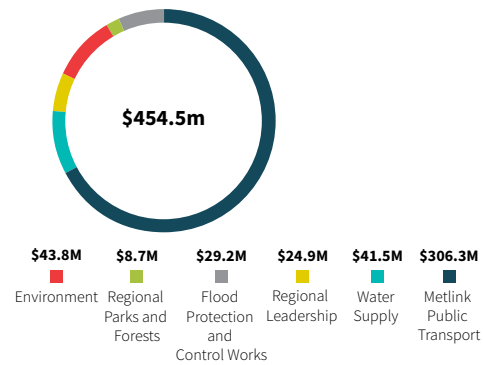
### Operational expenditure

The pie chart below illustrates Greater Wellington's operational expenditure by Activity Group.



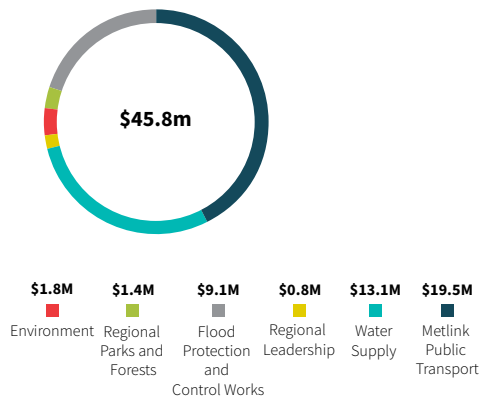
### Total expenditure

The pie chart below illustrates Greater Wellington's total expenditure, ie operational plus capital by strategic area outcomes.



### Capital expenditure

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





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



## How to read this section:

For each Activity Group we report:

1. An overall summary of the year's performance
2. Results of the non-financial performance measures, with narrative on the results
3. Funding Impact Statement

<b>Activity Group</b>	<b>Pages</b>
Te Taiao   Environment	25
Ngā Papa Whenua   Regional Parks and Forests	35
Te Tiaki Me Te Arahi Waipuke   Flood Protection and Control Works	41
Ngā Kaihautū o te Rohe   Regional Leadership	47
Ngā Puna Wai   Water Supply	57
Ngā Waka Tūmatanui   Metlink Public Transport	65

---

**Greater Wellington** is  
a standard-bearer  
and protector of the  
region's environment.



How is this reflected in  
the efforts it has made  
to enhance our  
environmental **taonga**?





**Te Taiāo**  
**Environment**

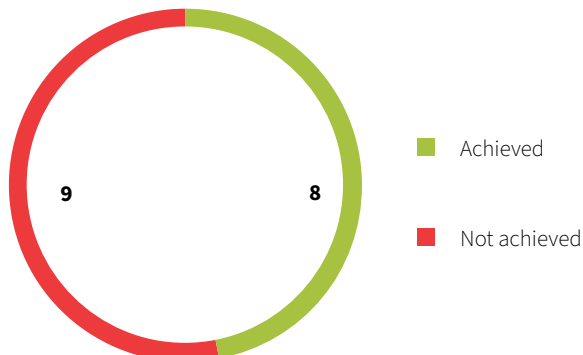
# Te Taiao

## Environment

### This group of activities contributes to:

Priority area	Freshwater quality and biodiversity
Community outcomes	Strong economy
	Resilient community
	Healthy environment
	Engaged community

### 2019/20 Status of non-financial performance



## Activities

- Resource management
- Land management
- Biodiversity management
- Pest management
- Harbour management

## Overall summary of the year's performance

### Greater Wellington's Environment activities achieved 47 percent of their 17 performance measures this year.

Greater Wellington is responsible for the regulation, protection and enhancement of the region's natural resources. We do this through the regulation and development of regional policies and helping the community to manage land sustainably and restore ecosystems. We also look after the region's harbours and manage environmental threats such as plant and animal pests.

We made considerable progress with our work programmes and activities to collectively enhance and protect the environmental health of the region. We continued investment in significant science monitoring and policy development, particularly in the management of natural resources (land, water, air and coast) through the proposed Natural Resources Plan (pNRP) and Whaitua Te Whanganui-a-Tara Committee processes. These activities allow us to continue to lay the foundation for the way catchment communities and businesses can live sustainably within our environmental means. The work of Mauri Tūhono (formally known as the Collaborative Working Group for the Biodiversity Framework) developed a set of priorities to

improve how indigenous habitats and species can be better protected and restored throughout the region.

Our diversity work included planning and managing the Key Native Ecosystems (KNE) programme to protect the highest value biodiversity areas in the region. We delivered the programme in full, including operational support and advice to site partners, most notably at East Harbour, Northern Forest, Parangarahu Lakes Area, Baring Head/Orua pouanui, Waitohu and Ōtaki Coast KNE sites.

The Wellington Regional Erosion Control Initiative (WRECI) provides funding and valuable support for planting erosion prone land. This year, we received a funding boost from the One Billion Trees project in a partnership grant with Te Uru Rākau Forestry New Zealand worth \$4 million over three years. This contribution helped us plant out over 755 hectares of erosion prone land – exceeding our annual target by 37 percent.

We continued pest eradication under the Greater Wellington Region Pest Management Plan 2019-2039 by delivering a further 74,000 ha of possum and 4,300 ha of mustelid control throughout the year. The Predator Free Wellington – Miramar project also reached a significant

milestone with most of the Miramar Peninsula now free of Norway rats and mustelids. Plant pests were also a focus of our pest management programme, with 1,438 ha of the region being surveyed or inspected for pest plants.

We connected with communities by delivering workshops to provide advice on improving stream quality to over 40 individuals, representing 15 different community groups. Our popular citizen science programme produced a series of short instructional videos focussing on stream health, monitoring and assessment. Work to restore and protect our precious wetlands continued, with the Wetland Programme, by supporting 62 landowners to help them restore 95 wetlands across the Wellington Region. We also supported three community groups in Wairarapa Moana to undertake restoration projects.

Greater Wellington supported a number of public events across the region to celebrate the 50<sup>th</sup> year of Conservation week. To celebrate the milestone, a community activity day in Lower Hutt attracted 250 people, and 500 plants were planted by volunteers at a planting day at Pou Aruhe on the western shore of Lake Ōnoke. The ever popular Seaweek was held again and attracted over 160 participants for the snorkelling day.

The emergence of the COVID-19 pandemic and movement between Alert Levels during the final quarter of the year provided us with an opportunity to adapt and make adjustments in the way we managed our programmes and interacted with communities.

We continued to invest in harbour navigation safety monitoring systems and navigational aids with the navigation system at Wellington Harbour (Port Nicholson) radio being upgraded, providing greater reliability and resilience. This upgrade assisted the thousands of commercial shipping and private vessel movements in and out of the two major harbours and near-coast environments. The Hinds Point Navigation Tower was also installed (complete with a solar-powered LED light), providing the new leading light along the Eastbourne coast. We had more focus this year on working with recreational groups to promote on-water safety, and to implement an effective education and positive enforcement programme.

All 511 non-notifiable resource consents were processed within statutory timeframes, despite the challenges of the COVID-19 Alert Level restrictions. We received a total of 1,399 notifications to the Environment Hotline relating to 1,259 incidents, of which 220 were determined to be non-compliant. Our enforcement actions included issuing 70 Infringement Notices, 23 Abatement Notices and 42 Formal Warnings. In addition to this we have filed 30 individual charges in court against eight different parties relating to offences against the Resource Management Act (RMA). Of the eight parties, five have been convicted and fined, while three have pleaded guilty and discharged without conviction.

# Resource management

## Measuring our performance

Level of Service	Performance Measures	Baseline (2017)	2018/19 Target	2018/19 Result (Audited)	2018/19 Status of Result	2019/20 Target	2019/20 Result	2019/20 Status of Result	Commentary on 2019/20 Results
Customer satisfaction	Level of overall satisfaction with consent processing services <sup>6</sup>	>4 when measured on a scale of 1 to 5	>4	4.23	Achieved	>4	4.33	Achieved	
Process resource consents in a timely manner	Percentage of non-notified resource consents processed within statutory timeframes	100%	100%	100%	Achieved	100%	100%	Achieved	
Monitor compliance with resource consents	Rates of compliance for high risk activities <sup>7</sup> where historical compliance rates are below 80%	High risk activities <80% · Water takes · Earthworks · Municipal wastewater, water supply, water races	>80%	Water Takes: 76% Earthworks: 75% Municipal Wastewater: 77% Municipal water supplies and water races: 77%	Not Achieved <sup>8</sup>	>80%	Water takes 70.8% Earthworks 67.9% Municipal wastewater 59.5% Municipal water supplies and water races 87.5%	Not Achieved	A
Effective response to environmental incidents	Rate of detection <sup>9</sup> and associated action taken on non-complying incidents <sup>10</sup>	Establish baseline (28.7% in 2017/18)	Maintain or increase against previous year	32.8%	Achieved	Maintain or increase against previous year	31.7%	Not Achieved	B

### Narrative on performance

A – Compliance rates are solely determined by consent holder performance. Three out of four of our high risk activities (water takes, earthworks, and municipal wastewater) reported compliance rates of less than 80 percent over the past year. These were lower compliance rates than reported for 2018/19. The rate of compliance for municipal water supplies and water races increased to a level above 80 percent.

B – The result for 2019/20 is lower than the 2018/19 result; however, it is still above the baseline set in 2017/18. This result is accurate as at 30 June 2020, noting that as an incident could take up to six months to close the result will change depending on what incidents have been closed since the last time the data was run.

<sup>6</sup> On a scale of 1 (very dissatisfied) to 5 (very satisfied).

<sup>7</sup> The activities defined as high risk are potentially subject to change if risk profile changes.

<sup>8</sup> Historically, we reached 60 percent to 70 percent and set a more aspirational target for 2018/19 as a result. While seeing improvement we did not reach the target for 2018/19.

<sup>9</sup> 'Detection' – a discharge or activity is attributed to a specific source (i.e. non-compliance by a specific person(s) is confirmed).

<sup>10</sup> This is only measured against those incidents in which environmental effects are rated minor or higher.

## Land management

### Measuring our performance

Level of Service	Performance Measures	Baseline (2017)	2018/19 Target	2018/19 Result (Audited)	2018/19 Status of Result	2019/20 Target	2019/20 Result	2019/20 Status of Result	Commentary on 2019/20 Results
Implement farm plans to reduce nutrient and sediment discharges from erosion-prone land	Erosion prone hill-country covered by an active <sup>11</sup> farm plan	60%	61%	61%	Achieved	62%	60.4%	Not Achieved	C
Deliver planting programme on identified erosion-prone land	Erosion-prone hill country planted	446.1 hectares	500 hectares	718 hectares	Achieved	550 hectares	755 hectares	Achieved	D
Deliver farm environment plans to reduce nutrient and sediment loss	Over 50% of all contestable funding is allocated to priority catchments identified in the proposed Natural Resources Plan <sup>12</sup>	New measure	Achieved	Achieved <sup>13</sup>	Achieved	Achieved	Achieved <sup>14</sup>	Achieved	
Provide high quality goods and services to landowners from the Akura nursery	Survival of poles planted under the Wellington Regional Erosion Control Initiative (WRECI)	New measure	85%	94%	Achieved	85%	56%	Not Achieved	E

### Narrative on performance

- C – This result represents the total area of properties that have engaged in erosion mitigation work in the past three years, and have a Greater Wellington-produced farm plan.
- D – Due to programme growth enabled by One Billion Trees funding support, we have exceeded this measure by over 37 percent, with more hectares treated than planned.
- E – Significant summer drought caused greater tree mortality than typical years.

<sup>11</sup> "Active" is assessed by whether a farm plan has led to some delivery of erosion mitigation work in the past three years.

<sup>12</sup> The "contestable fund" provides assistance to landowners for implementing remediation works to farm system environmental risks. These grants are coordinated through farm environment plans and incentivise farm system improvements that will result in a water quality or biodiversity enhancement. Works are prioritised by priority catchments identified in the proposed Natural Resources Plan, and any unallocated funding is accessible to non-priority catchments after February in any plan year.

<sup>13</sup> In 2018/19, \$286,398 of grants was provided in priority catchments, and \$90,369 was provided in non-priority catchments.

<sup>14</sup> In 2019/20 86 percent of all contestable funding was allocated to priority catchments identified in the proposed Natural Resources Plan.

# Biodiversity management

## Measuring our performance

Level of Service	Performance Measures	Baseline (2017)	2018/19 Target	2018/19 Result (Audited)	2018/19 Status of Result	2019/20 Target	2019/20 Result	2019/20 Status of Result	Commentary on 2019/20 Results
Plan and deliver a programme to maintain or improve the ecological condition of identified high biodiversity value sites <sup>15</sup>	Percentage of management actions <sup>16</sup> achieved to improve the habitat for native plants and animals	97.5%	95%	93%	Not Achieved <sup>17</sup>	95%	95%	Achieved	

# Pest management

## Measuring our performance

Level of Service	Performance Measures	Baseline (2017)	2018/19 Target	2018/19 Result (Audited)	2018/19 Status of Result	2019/20 Target	2019/20 Result	2019/20 Status of Result	Commentary on 2019/20 Results
Provide possum control services in bovine TB free areas	Number of possums in the Regional Possum Predator Control Programme area	Low (<5% Residual Trap Catch)	Low (<5% Residual Trap Catch)	Residual Trap Catch 4.3%	Achieved	Low (<5% Residual Trap Catch)	Residual Trap Catch 1.4% in the areas that did receive pest control	Not Achieved	F
Provide pest species control services in Greater Wellington Key Native Ecosystems (KNE)	Deliver in accordance with KNE plans <sup>18</sup>	New measure	Achieved	Achieved	Achieved	Achieved	Achieved	Achieved	
Provide pest control services across the region	Deliver in accordance with the Regional Pest Management Plan <sup>19</sup>	New measure	Achieved	Achieved	Achieved	Achieved	Not Achieved	Not Achieved	G

## Narrative on performance

F – We were only able to deliver possum predator control across 76 percent of the planned Regional Possum Predator Control Programme area during 2019/20. The main reason for this was that the COVID-19 Alert Level 4 and 3 restrictions prevented the total area from receiving pest control. However, for the area that was covered during the year the residual trap catch was within the target.

G – Although the majority of the Regional Pest Management Plan programme has been delivered, the COVID-19 Alert Level restrictions caused delays and we missed the opportunity to complete some pest plant and animal control operations.

<sup>15</sup> High biodiversity value sites are those managed under the Key Native Ecosystem programme and within collaborative biodiversity projects carried out within Te Awarua o Porirua Harbour and Wairarapa Moana catchments.

<sup>16</sup> Management actions can include improving legal protection, fencing and undertaking the control of pest plants and animals.

<sup>17</sup> 2018/19 'not achieved' actions were due to external parties not undertaking planned work at three Key Native Ecosystem sites.

<sup>18</sup> These plans describe the work that will be done to protect plants and animals over a three year period.

<sup>19</sup> Refer to operational plan: <http://www.gw.govt.nz/assets/Biosecurity/RPMSPLAN-2016-17.pdf>



# Harbour management

## Measuring our performance

Level of Service	Performance Measures	Baseline (2017)	2018/19 Target	2018/19 Result (Audited)	2018/19 Status of Result	2019/20 Target	2019/20 Result	2019/20 Status of Result	Commentary on 2019/20 Results
Manage the safety of marine activities in the region's waters	Beacon Hill Communications station is staffed and operational 24 hours a day, seven days a week	100%	100%	99.9%	Not Achieved <sup>20</sup>	100%	100%	Achieved	
	All navigation aids are working 24 hours a day, seven days a week	99.9%	Cat 1: 99.8% Cat 2: 99% Cat 3: 97%	Cat 1: 99.7% Cat 2: 99.5% Cat 3: 98.53%	Not Achieved <sup>21</sup>	100%	99.9%	Not Achieved	H
	Operate in accordance with the current Port and Harbour Marine Safety Code	Compliant with standard	Compliant with Standard	Compliant with Standard	Achieved	Compliant with standard	Compliant with standard	Achieved	
Warnings and infringements issued	New measure 7 infringements 32 warnings (2017/18)	New measure 7 infringements 32 warnings (2017/18)	Increase	11 infringements 32 warnings	Achieved	Decrease	15 infringements 19 warnings	Not Achieved	I
Meet obligations to Maritime NZ for oil spill response equipment maintenance and exercises	New measure	New measure	4 equipment checks 2 exercises	4 equipment checks 2 exercises <sup>22</sup>	Achieved	4 equipment checks 2 exercises	3 equipment checks 1 exercise	Not Achieved	J

## Narrative on performance

H – The solar switch on the Point Halswell light failed in mid-May 2020. The battery on one of the Mana Channel markers failed in August 2019 and was replaced. All the individual lights met the required international standards for availability.

I – The 'decrease' target was set too early in the programme of getting better compliance with marine activity safety. We are increasing the time spent on the water connecting with customers and this increased focus on enforcement has led to more infringements being issued.

J – In discussion with Maritime NZ one exercise and one equipment check were not completed due to COVID-19 Alert Level restrictions.

<sup>20</sup> 2018/19: while working towards our system upgrade, several equipment failures led to the upgrade being implemented before it was entirely ready. The station remained operational; however there was slightly decreased efficiency and capacity for a short time.

<sup>21</sup> 2018/19: Outages were rear lead (cat 1) faulty daylight switch, which required several visits to diagnose, and some unexpected battery faults, compounded by weather restricting access. Rear Island Bay leads (cat 3) were out for longer due to the power supply (street lighting) being out.

<sup>22</sup> 2018/19: All checks and exercises successfully completed, including Maritime NZ equipment audit and staff revalidation via exercises.

## ENVIRONMENT

### FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE 2020

	2019/20 Actual \$000s	2019/20 Long Term Plan \$000s	2018/19 Actual \$000s	2018/19 Long Term Plan \$000s
<b>Sources of operating funding</b>				
General rate	30,053	30,761	28,751	29,549
Targeted rates	73	676	73	605
Subsidies and grants for operating purposes	922	-	723	340
Fees and charges	5,990	6,634	5,689	6,368
Fines, infringement fees, and other receipts <sup>1</sup>	6,107	4,009	5,152	3,813
<b>Total operating funding</b>	<b>43,145</b>	<b>42,080</b>	<b>40,388</b>	<b>40,675</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	(34,058)	(33,402)	(32,079)	(33,141)
Finance costs	(262)	(366)	(237)	(281)
Internal charges and overheads applied	(7,689)	(7,485)	(7,128)	(7,198)
<b>Total applications of operating funding</b>	<b>(42,009)</b>	<b>(41,253)</b>	<b>(39,444)</b>	<b>(40,620)</b>
<b>Surplus/(deficit) of operating funding</b>	<b>1,136</b>	<b>827</b>	<b>944</b>	<b>55</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Increase/(decrease) in debt	834	2,050	797	2,016
Gross proceeds from asset sales	40	117	25	205
<b>Total sources of capital funding</b>	<b>874</b>	<b>2,167</b>	<b>822</b>	<b>2,221</b>
<b>Applications of capital funding</b>				
- to meet additional demand	(977)	-	-	-
- to improve the level of service	(227)	-	-	-
- to replace existing assets	(607)	(2,922)	(1,422)	(3,056)
(Increase)/decrease in investments	-	-	-	-
(Increase)/decrease in reserves	(199)	(72)	(344)	780
<b>Total applications of capital funding</b>	<b>(2,010)</b>	<b>(2,994)</b>	<b>(1,766)</b>	<b>(2,276)</b>
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation on Environment assets</b>	<b>1,169</b>	<b>1,165</b>	<b>888</b>	<b>926</b>

<sup>1</sup> This includes revenue from 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 the Long Term Plan 2018-28.

All figures on this page exclude GST.

## ENVIRONMENT

### FUNDING IMPACT STATEMENT


FOR THE YEAR ENDING 30 JUNE 2020

	2019/20 Actual \$000s	2019/20 Long Term Plan \$000s	2018/19 Actual \$000s	2018/19 Long Term Plan \$000s
<b>Operating funding</b>				
Resource management	21,790	22,310	21,306	21,839
Land management	6,990	5,959	5,937	5,402
Biodiversity management	4,982	4,843	4,918	4,737
Pest management	7,005	6,655	5,827	6,311
Harbour management	2,378	2,313	2,400	2,386
<b>Total operating funding</b>	<b>43,145</b>	<b>42,080</b>	<b>40,388</b>	<b>40,675</b>
<b>Applications of operating funding</b>				
Resource management	(21,405)	(21,864)	(21,244)	(21,670)
Land management	(6,807)	(5,790)	(5,956)	(5,703)
Biodiversity management	(4,781)	(4,790)	(4,617)	(4,685)
Pest management	(6,630)	(6,568)	(5,433)	(6,369)
Harbour management	(2,386)	(2,241)	(2,194)	(2,193)
<b>Total applications of operating funding</b>	<b>(42,009)</b>	<b>(41,253)</b>	<b>(39,444)</b>	<b>(40,620)</b>
<b>Capital expenditure</b>				
Capital project expenditure	(729)	(2,457)	(481)	(2,370)
Land and buildings				
Plant and equipment	(6)	-	(18)	-
Vehicles	(721)	(46)	(495)	(190)
<b>Total capital expenditure</b>	<b>(355)</b>	<b>(419)</b>	<b>(428)</b>	<b>(496)</b>

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 Long Term Plan 2018-28.

All figures on this page exclude GST.

The background is a solid green color with a repeating pattern of white line-art leaves and branches. The leaves are simple, elongated shapes with visible veins, and the branches are thin and curved. The pattern is dense and covers the entire page.

*HOW HAS  
GREATER WELLINGTON  
ATTEMPTED TO  
INTEGRATE ITS  
CARE FOR  
THE ENVIRONMENT  
INTO ONE  
OVERARCHING POLICY?*



# Ngā Papa Whenua Regional Parks and Forests

# Ngā Papa Whenua

## Regional Parks and Forests

### This group of activities contributes to:

Priority area	Freshwater quality and biodiversity
Community outcomes	Strong economy Healthy environment Engaged community

### Overall summary of the year's performance

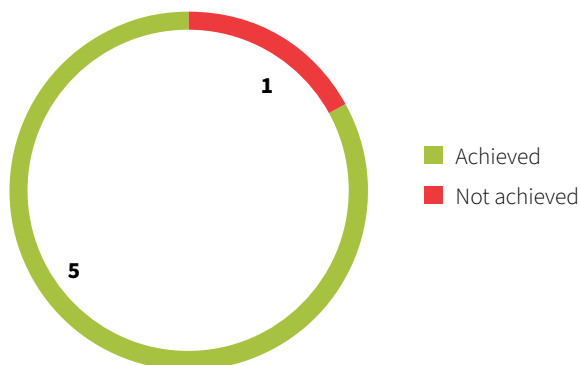
#### Greater Wellington's Regional Parks and Forest activities achieved 83 percent of their six performance measures this year.

Greater Wellington manages eight regional parks and forests for the community's use and enjoyment. An important part of what we do is to undertake planning and policy development for regional parks in accordance with the Reserves Act 1977 and other statutory requirements. A highlight of the year was completing the draft Parks Network Plan (PNP). The draft PNP considered previous feedback gathered from stakeholders and the community over a number of months on key issues and opportunities for eight regional parks and forests – Battle Hill Farm Forest Park; Belmont Regional Park; East Harbour Regional Park (including Baring Head and Parangarahu Lakes); Queen Elizabeth Park; Akatarawa Forest; Pakuratahi Forest and Kaitoke Regional Park. The PNP is a combined plan to provide direction for the use and management of these parks and forests.

Regional parks remain popular and enjoyed another year of increased visitation levels. Our annual community survey supported this trend with 74 percent of the regional population having visited a regional park in the past 12 months. That's a total of 1.76 million visits, and 98 percent of people surveyed were satisfied with their experience.

Another highlight of the year was a new record set for the number of native trees planted in parks, enhancing the environment for generations to come.

### 2019/20 Status of non-financial performance



In the western sector of the region, 50,467 plants were planted across Battle Hill, Belmont, Whitireia<sup>23</sup> and Queen Elizabeth Parks.

In the eastern sector, 12,900 plants were planted across East Harbour, Wainuiomata, Kaitoke and Pakuratahi.

Early in the financial year work focussed on finalising plans and completing construction of the Top Terrace camping facility building at Kaitoke Regional Park. Two further powered sites were also established at the park, reinforcing its appeal for short stay camping holidays. At the popular Queen Elizabeth Park we completed the revegetation programme and progressed with planning and design for a planned retreat of road, track and other visitor facilities from the shoreline between Raumati and Paekakariki.

Greater Wellington's response to regional parks and forest management during the COVID-19 Alert Level lockdowns was balanced and guided by central government's restrictions around staying local to recreate. We experienced increased visitation to peri-urban parks during COVID-19 lockdown period, and found that our proactive maintenance programme contributed to park tracks and facilities standing up well to this higher usage. As lockdown restrictions eased, we opened public toilets and increased commercial cleaning and sanitising to ensure visitor confidence in our service. Overall, patronage has bounced back since restrictions have been lifted, with visitor satisfaction once again reaching very high levels.

<sup>23</sup> Whitireia Park is administered by the Whitireia Park Board.

# Regional Parks and Forests

## Measuring our performance

Level of Service	Performance Measures	Baseline (2017)	2018/19 Target	2018/19 Result (Audited)	2018/19 Status of Result	2019/20 Target	2019/20 Result	2019/20 Status of Result	Commentary on 2019/20 Results
	Percentage of regional population that has visited a regional park in last 12 months	68%	≥70%	74%	Achieved	≥70%	74%	Achieved	
	Number of visits to a regional park in the last 12 months	1.7 million	Increase on baseline	1.84 million	Achieved	Increase on baseline	1.76 million	Achieved	
	Provide facilities and services that support the community enjoying, valuing and participating in regional parks experience <sup>24</sup>	95%	95%	97%	Achieved	95%	98%	Achieved	
	On-park volunteer hours <sup>25</sup>	15,503 hours	15,000	15,623	Achieved	15,000	10,720	Not Achieved	K
	Average asset condition (1 = excellent; 5 = very poor)	2.33 (structures) 2.25 (tracks)	≤3	2.26 (structures) 1.59 (tracks) 2.06 (overall)	Achieved	≤3	2.13 (structures) 1.57 (tracks) 2.07 (overall)	Achieved	
	Protect and care for the environment, landscape and heritage	22,000 native trees planted pa	35,000	52,000	Achieved	35,000	63,367	Achieved	L

## Narrative on performance

K – Volunteer hours at the end of the second quarter were 6,562 and at the end of the third quarter were 9,172. All our usual volunteer planting days in autumn/winter were instead carried out by contractors, due to the uncertainty of the COVID-19 pandemic. This meant our volunteer hours were lower than usual. We also suspended all volunteer activity in our parks during COVID-19 Alert Levels 4 and 3 (March – May 2020) which resulted in volunteer hours being significantly below target. Volunteers re-started park-based work at Level 2 in May 2020.

L – We set a new record for trees planted in our regional parks and forests during 2019/20. We planted 50,467 plants in our Western Sector: across Battle Hill, Belmont, Whitireia<sup>26</sup> and Queen Elizabeth Parks. We planted 12,900 plants in our Eastern Sector: across East Harbour, Wainuiomata, Kaitoke and Pakuratahi.

<sup>24</sup> Randomly selected sample of 500 residents 16-yr in the Wellington Region, telephone interviewing and face to face interviews with questionnaire, 90% confidence interval.

<sup>25</sup> This is a measure of time spent by volunteers carrying out on-park work, e.g. tree planting, nursery work, track building, pest trapping. Rangers on-site collect the number of volunteer hours.

<sup>26</sup> Whitireia Park is administered by the Whitireia Park Board.

## Regional Parks and Forests

### FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE 2020

	2019/20 Actual \$000s	2019/20 Long Term Plan \$000s	2018/19 Actual \$000s	2018/19 Long Term Plan \$000s
<b>Sources of operating funding</b>				
General rate	6,422	6,515	6,069	6,069
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	224	254	287	238
Fines, infringement fees, and other receipts <sup>1</sup>	1,529	708	1,049	707
<b>Total operating funding</b>	<b>8,175</b>	<b>7,477</b>	<b>7,405</b>	<b>7,014</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	(4,623)	(3,824)	(4,143)	(3,822)
Finance costs	(466)	(580)	(447)	(499)
Internal charges and overheads applied	(2,187)	(2,035)	(2,027)	(1,957)
<b>Total applications of operating funding</b>	<b>(7,276)</b>	<b>(6,439)</b>	<b>(6,617)</b>	<b>(6,278)</b>
<b>Surplus/(deficit) of operating funding</b>	<b>899</b>	<b>1,038</b>	<b>788</b>	<b>736</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Increase/(decrease) in debt	604	1,572	1,432	2,804
Gross proceeds from asset sales	299	92	(64)	832
<b>Total sources of capital funding</b>	<b>903</b>	<b>1,664</b>	<b>1,368</b>	<b>3,636</b>
<b>Applications of capital funding</b>				
- to meet additional demand	-	-	-	-
- to improve the level of service	-	-	-	-
- to replace existing assets	(1,449)	(2,691)	(2,496)	(3,980)
(Increase)/decrease in investments	-	-	-	-
(Increase)/decrease in reserves	(353)	(11)	340	(392)
<b>Total applications of capital funding</b>	<b>(1,802)</b>	<b>(2,702)</b>	<b>(2,156)</b>	<b>(4,372)</b>
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation on Parks assets</b>	<b>2,413</b>	<b>2,251</b>	<b>2,232</b>	<b>2,298</b>

<sup>1</sup> This includes rental income and park activity fees.

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 Long Term Plan 2018-28.

All figures on this page exclude GST.



## Regional Parks and Forests

### FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE 2020

	2019/20 Actual \$000s	2019/20 Long Term Plan \$000s	2018/19 Actual \$000s	2018/19 Long Term Plan \$000s
<b>Operating funding</b>				
Parks planning	247	-	286	-
Visitor services	7,928	7,477	7,119	7,014
Protecting the environment of regional parks	-	-	-	-
<b>Total operating funding</b>	<b>8,175</b>	<b>7,477</b>	<b>7,405</b>	<b>7,014</b>
<b>Applications of operating funding</b>				
Parks planning	(253)	-	(300)	-
Visitor services	(6,974)	(6,439)	(6,186)	(6,278)
Protecting the environment of regional parks	(49)	-	(131)	-
<b>Total applications of operating funding</b>	<b>(7,276)</b>	<b>(6,439)</b>	<b>(6,617)</b>	<b>(6,278)</b>
<b>Capital expenditure</b>				
Battle Hill Farm Forest Park	(37)	(110)	(48)	(260)
Belmont Regional Park	(73)	(1,023)	(330)	(613)
Queen Elizabeth Park	(221)	(346)	(107)	(900)
Whitireia Park <sup>27</sup>	(28)	-	(114)	(107)
Pakuratahi Forest	(386)	(164)	(239)	(237)
Akatarawa Forest	(73)	(284)	(59)	(200)
Wainuiomata Recreation Area	(3)	(33)	-	(4)
Kaitoke Regional Park	(260)	(358)	(40)	(436)
East Harbour Regional Park	1	(13)	(1,089)	(780)
Other	(51)	(54)	(173)	(130)
<b>Capital project expenditure</b>	<b>(1,131)</b>	<b>(2,385)</b>	<b>(2,198)</b>	<b>(3,667)</b>
Land and buildings	-	-	-	-
Plant and equipment	(150)	-	(10)	-
Vehicles	(168)	(306)	(288)	(313)
<b>Total capital expenditure</b>	<b>(1,449)</b>	<b>(2,691)</b>	<b>(2,496)</b>	<b>(3,980)</b>

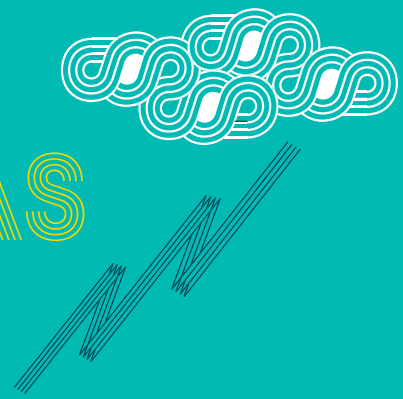
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All figures on this page exclude GST.

<sup>27</sup> Whitireia Park is administered by the Whitireia Park Board

WITH WEATHER  
EVENTS SUCH AS  
STORMS AND  
FLOODS BECOMING  
MORE SEVERE, WHAT  
IS THE COUNCIL  
DOING TO PREVENT  
FLOODING?





**Te Tiaki me te Arahi  
Waipuke  
Flood Protection and  
Control Works**

# Te Tiaki me te Arahi Waipuke

## Flood Protection and Control Works

### This group of activities contributes to:

Priority areas	Regional resilience
	Freshwater quality and biodiversity
Community outcomes	Resilient community
	Strong economy
	Healthy environment
	Engaged community

### Overall summary of the year's performance

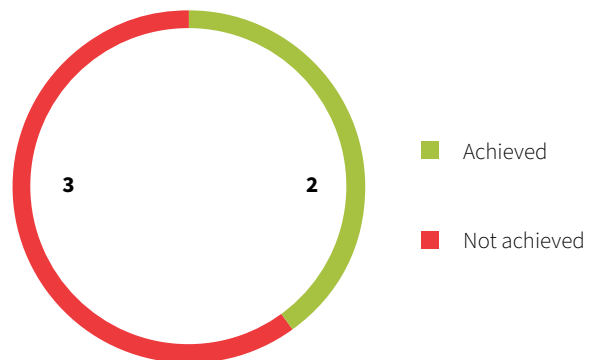
#### Greater Wellington's Flood Protection and Control Works activities achieved 40 percent of their five performance measures this year.

Greater Wellington is responsible for managing flood risk across the region. We identify the likelihood and location of river flooding, develop flood management plans to manage risk, provide free advice to landowners and maintain and build flood protection infrastructure.

Our programme of upgrade work progressed well during the year with approximately 11,500 willow poles and 23,500 native units being planted within river corridors around the region. Rock riprap<sup>28</sup> structures were maintained with 2,300 tonnes of additional rock being placed to strengthen the work. Other flood protection structural work included completing structural repairs on the Barrage Gates as part of the implementation and maintenance of the Lower Wairarapa Valley Scheme. Gravel extraction was also carried out, with 218,000m<sup>3</sup> of material extracted to reduce the risk of flooding and erosion. Fortunately there were no significant flood events during the year.

RiverLink is a partnership project involving Waka Kotahi/NZ Transport Agency, Hutt City Council and Greater Wellington working together with mana whenua to improve transport connections and flood protection, and support urban revitalisation of Lower Hutt's central city.

### 2019/20 Status of non-financial performance



The plan includes improved walking, cycling, and public transport options – critical elements to enable urban development without increasing road congestion greenhouse gas emissions. Progress this year included developing consent-level design with more than 75 percent of the properties required for the project now purchased.

We continued to work with the community as part of floodplain management by supporting the Friends of the Rivers and Streams Groups to continue further environmental enhancement work. They also participated in the review of the Ōtaki Floodplain Management Plan and Greater Wellington established the Upper Ruamāhanga River Management Advisory Committee.

The COVID-19 Alert Level restrictions added pressure on river environments – the restrictions prevented us from being able to carry out on-site work; however, the public were still able to access river areas for restricted recreation activity. The lockdown also affected our ability to engage with the community, with deferment of some community meetings and workshops. This impacted our ability to complete the Waiohine River Floodplain Management Plan, which in turn meant that we have been delayed in including the Waiohine River Floodplain in our flood hazard mapping online portal, which had originally been planned to be achieved this year.

<sup>28</sup> Riprap is a permanent layer of large, angular stone, cobbles, or boulders typically used to armour, stabilize, and protect the soil surface against erosion and scour in areas of concentrated flow or wave energy

# Flood Protection and Control Works

## Measuring our performance

Level of Service	Performance Measures (2017)	2018/19 Target	2018/19 Result (Audited)	2018/19 Status of Result	2019/20 Target	2019/20 Result	2019/20 Status of Result	Commentary on 2019/20 Results
	Major flood protection and control works are maintained, repaired and renewed to the key standards defined in relevant planning documents. <sup>29, 30</sup>	Yes	Completed	Achieved	Yes	Completed	Achieved	
Provide the standard of flood protection agreed with communities	Percentage of Floodplain Management Plans (FMP) recommended structural improvements implemented	Hutt – 33% Ōtaki – 47% Waikanae – 45% Pinehaven – 0%	Hutt – 33% Ōtaki – 47% Waikanae – 56% Pinehaven – 0%	Achieved	Hutt – 33% Ōtaki – 47% Waikanae – 56% Pinehaven – 33%	Hutt – 33% Ōtaki – 47% Waikanae – 56% Pinehaven – 33%	Achieved	
M – Remaining work at Pukio East stopbank, to remove the old stopbank and plant an area of the berm, was delayed due to COVID-19 Alert Level restrictions preventing site-work from being able to be carried out. Whakawhiwhiri Stream project works were unable to be completed due to landowner access issues.	Percentage completion of Lower Wairarapa Valley Development Scheme work programme (2007/2021)	88%	90%	Not Achieved <sup>31</sup>	99%	94%	Not Achieved	M
N – Waiohine River Plan was delayed due to COVID-19 Alert Level restrictions which delayed engagement with the community.	Percentage of identified vulnerable floodplains with a FMP in place	24%	29%	Achieved	35%	30%	Not Achieved	N
O – Waiohine model is complete but is awaiting adoption of the Waiohine River Plan to be publicised. The Waiohine River Plan is expected to be released for consultation in late 2021; however, it is uncertain around timeframes involved with the community-led process involving wider consultation.	Percentage of identified vulnerable floodplains with flood hazard mapping available via online portal	72%	78%	Achieved	83%	80%	Not Achieved	O

## Narrative on performance

M – Remaining work at Pukio East stopbank, to remove the old stopbank and plant an area of the berm, was delayed due to COVID-19 Alert Level restrictions preventing site-work from being able to be carried out. Whakawhiwhiri Stream project works were unable to be completed due to landowner access issues.

N – Waiohine River Plan was delayed due to COVID-19 Alert Level restrictions which delayed engagement with the community.

O – Waiohine model is complete but is awaiting adoption of the Waiohine River Plan to be publicised. The Waiohine River Plan is expected to be released for consultation in late 2021; however, it is uncertain around timeframes involved with the community-led process involving wider consultation.

<sup>29</sup> Non-Financial Performance Measures Rules 2013; Flood protection and control works measure [1].

<sup>30</sup> Detailed reporting of maintenance, repair and renewal or upgrade works is included in annual asset management and implementation reports to Greater Wellington Environment Committee.

<sup>31</sup> Lower Wairarapa Valley Development Scheme not achieved in 2018/19 due to land entry agreement delays for some projects.

<sup>32</sup> These measures are based on a list of vulnerable floodplains, and targets for Floodplain Management Plans/mapping

## FLOOD PROTECTION AND CONTROL WORKS

### FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE 2020

	2019/20 Actual \$000s	2019/20 Long Term Plan \$000s	2018/19 Actual \$000s	2018/19 Long Term Plan \$000s
<b>Sources of operating funding</b>				
General rate	11,801	12,031	11,512	11,512
Targeted rates	8,478	8,476	7,969	7,969
Fees and charges	(3)	-	-	-
Fines, infringement fees, and other receipts <sup>1</sup>	-	-	3	-
<b>Total operating funding</b>	<b>4,748</b>	<b>4,954</b>	<b>4,600</b>	<b>4,564</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	(11,313)	(10,249)	(10,523)	(9,974)
Finance costs	(5,275)	(5,760)	(5,183)	(5,342)
Internal charges and overheads applied	(3,561)	(3,432)	(3,301)	(3,301)
<b>Total applications of operating funding</b>	<b>(20,149)</b>	<b>(19,441)</b>	<b>(19,007)</b>	<b>(18,617)</b>
<b>Surplus/(deficit) of operating funding</b>	<b>4,875</b>	<b>6,020</b>	<b>5,077</b>	<b>5,428</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Increase/(decrease) in debt	5,525	15,690	9,742	13,163
Gross proceeds from asset sales	64	76	113	117
<b>Total sources of capital funding</b>	<b>5,589</b>	<b>15,766</b>	<b>9,855</b>	<b>13,280</b>
<b>Applications of capital funding</b>				
- to meet additional demand	(8,799)	(20,740)	(13,636)	(17,570)
- to improve the level of service	(262)	(266)	(411)	(393)
- to replace existing assets	(420)	(386)	(417)	(359)
(Increase)/decrease in investments <sup>2</sup>	(983)	(394)	(468)	(386)
(Increase)/decrease in reserves	(8,799)	(20,740)	(13,636)	(17,570)
<b>Total applications of capital funding</b>	<b>(10,464)</b>	<b>(21,786)</b>	<b>(14,932)</b>	<b>(18,708)</b>
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation on Flood Protection and Control assets</b>	<b>1,654</b>	<b>1,526</b>	<b>1,326</b>	<b>1,328</b>

<sup>1</sup> This includes revenue from the sales of shingle, rental income and direct contributions from territorial authorities 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 the Long Term Plan 2018-28.

All figures on this page exclude GST.

## FLOOD PROTECTION AND CONTROL WORKS

### FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE 2020

	2019/20 Actual \$000s	2019/20 Long Term Plan \$000s	2018/19 Actual \$000s	2018/19 Long Term Plan \$000s
<b>Operating funding</b>				
Understanding flood risk	2,507	2,746	2,933	2,846
Maintaining flood protection and control works and improving flood security	22,517	22,715	21,151	21,199
<b>Total operating funding</b>	<b>25,024</b>	<b>25,461</b>	<b>24,084</b>	<b>24,045</b>
<b>Applications of operating funding</b>				
Understanding flood risk	(2,118)	(2,226)	(2,133)	(2,438)
Maintaining flood protection and control works and improving flood security	(18,031)	(17,215)	(16,874)	(16,179)
<b>Total applications of operating funding</b>	<b>(20,149)</b>	<b>(19,441)</b>	<b>(19,007)</b>	<b>(18,617)</b>
<b>Capital expenditure</b>				
Te Awa Kairangi/Hutt River improvements	(6,635)	(14,662)	(12,159)	(12,566)
Ōtaki River improvements	(302)	(2,195)	(360)	(1,687)
Wairarapa scheme	(769)	(2,507)	2	(1,483)
Other flood protection	(1,075)	(1,376)	(1,119)	(1,834)
Land and buildings	-	-	-	-
Plant and equipment	(34)	(12)	(164)	(133)
Vehicles	(247)	(254)	(247)	(260)
<b>Total capital expenditure</b>	<b>(9,062)</b>	<b>(21,006)</b>	<b>(14,047)</b>	<b>(17,963)</b>

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 Long Term Plan 2018-28.

All figures on this page exclude GST.



**HOW HAVE MĀORI BUSINESS INTERESTS  
BEEN REPRESENTED IN GREATER  
WELLINGTON'S PLANS FOR THE REGION?**







# Ngā Kaihautū o te Rohe Regional Leadership

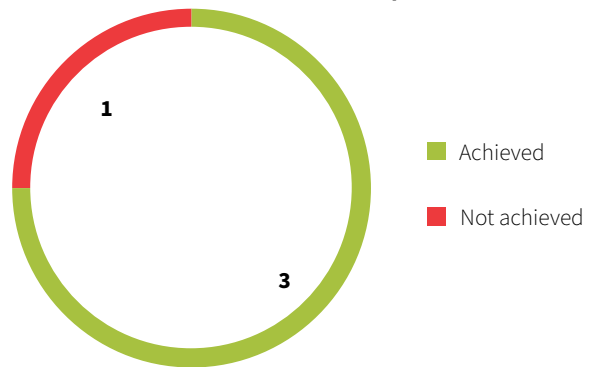
# Ngā Kaihautū o te Rohe

## Regional Leadership

### This group of activities contributes to:

Priority area	Water supply
	Public transport
	Resilient region
	Freshwater quality and biodiversity
Community outcomes	Strong economy
	Connected community
	Resilient community
	Healthy environment
	Engaged community

### 2019/20 Status of non-financial performance



## Activities

- Wellington Regional Strategy
- Emergency management
- Democratic services
- Relationships with Māori and mana whenua
- Regional transport planning and programmes
- Regional initiatives

## Overall summary of the year's performance

### Greater Wellington's Regional Leadership activities achieved 75 percent of their four performance measures this year.

Greater Wellington co-ordinates a range of activities in partnership with local authorities, mana whenua and other partners across the region. Having a regional voice is essential for our region to build on our collective strengths and to collaborate on joint issues. Many issues facing our communities are complex and require a whole-of-region approach to find successful solutions. A collaborative approach to the response to the COVID-19 pandemic and Alert Level lockdowns was essential and this collaborative approach will remain important as we move to a phase of recovery for the region.

A significant outcome for the year was the successful management of Greater Wellington's Council elections and induction process for the new Council. A record number of 45 candidates stood for Council election in October 2019, resulting in six newly elected Councillors. The newly elected Council elected a new Council Chair.

The disruption to Council meetings and workshops caused by COVID-19 Alert Level restrictions was successfully managed through migration to online platforms, enabling Council processes and decision making to continue. The Crisis Management Team (CMT) managed business continuity across the organisation. Greater Wellington also provided 76 staff to the Emergency Coordination Centre (ECC) function.

Milestones were achieved during the year for a number of our major strategic plans. The Regional Land Transport Plan (RLTP) is a blueprint plan that sets out the strategic direction for land transport in the Wellington Region over the next 10-30 years. The RLTP's strategic framework was completed with an agreed vision, objectives, targets and 10 year investment priorities. Let's Get Wellington Moving (LGWM), a joint initiative between Wellington City Council, Greater Wellington and Waka Kotahi/NZ Transport Agency, progressed the early delivery projects and the development of Indicative Business Cases for Mass Rapid Transit and Strategic Highways packages. The Council also

confirmed the funding and partnership arrangements for the first two years of the programme. The Multi-User Ferry Terminal Project worked through a complex multi-criteria assessment process for options for alternative locations, and continued negotiations with key partners over the way forward.

The Māori Economic Development Strategy was completed after a series of hui across the region. The plan focusses on embracing the interconnection between economic, social and cultural development as a basis for improving Māori wellbeing. We also completed and approved the 2019/20 Annual Plan.

Greater Wellington is one of ten councils participating in the Wellington Regional Growth Framework, a 30 year spatial plan for the Wellington Region and Horowhenua District. Work progressed well during the year with councils, iwi and central government, including workshops with stakeholders, partners and councillors from around the region. The draft framework is on track to be completed by early September 2020.

The business case for the Lifelines Resilience project was also completed with key projects incorporated into the Wellington Regional Investment Plan and subsequently into the draft Wellington Regional Growth Framework.

Despite the restrictions imposed by the COVID-19 Alert Level lockdowns affecting some of our community-facing sustainable transport programmes, we still exceeded our target for the number of adults participating in sustainable transport initiatives and promotions. We supported community preparedness in an emergency through the delivery of published Community Response Plans and worked with households to increase the number that have sufficient stocks of emergency supplies.

### **Stocktake of obligations to Māori**

In the past 12 months Greater Wellington has developed a methodology to review our performance in delivering our statutory obligations to Māori since our first assessment was completed in 2015. This process included researching any new statutes following that review period which have specific provisions that target Māori. This review is due for completion in 2020/21.

### **Marine and Coastal Area (Takutai Moana) Act 2011 (MACA)**

Under MACA applications for recognition of protected customary rights and customary marine title had to be made by 3 April 2017. Twenty applicants sought recognition of their rights in the Wellington Region:

- 4 elected to use the Crown direct approach only
- 5 elected dual pathways via both the High Court & Crown direct
- 11 elected High Court only.

Greater Wellington continues to analyse the progress of 16 applicants who have sought recognition through the High Court. In 2019/20 this progress has been determined by the High Court process as the Court has repeatedly directed applicants to provide more specific detail on who the applicants are, the areas affected, and what is being applied for.

Similarly, the nine applicants who sought recognition through the Crown have experienced very slow progress. Te Arawhiti has been trying to engage with MACA applicants to encourage them to signal any funding assistance needs so they can increase their engagement in the process.

### **Submission on National Policy Statement for Indigenous Biodiversity**

Council also provided submissions to external agencies on a number of consultation documents that impact on Māori in the past 12 months. One example included in Council's submission on the National Policy Statement for Indigenous Biodiversity included specific feedback on the recognition of tangata whenua as kaitiaki.

Our feedback included:

- supporting the central concept of Hutia Te Rito, which has a holistic focus on the interlink between the health of people, indigenous biodiversity (including taonga species), and the wider environment
- proposing new provisions to enable genuine leadership roles for mana whenua by reframing, strengthening and giving new direction that local authorities must give effect to the role of iwi/Māori as kaitiaki in council activities that protect and manage indigenous biodiversity (e.g. through te ao Māori, mātauranga Māori, tikanga Māori).

### **Training to support organisational cultural understanding**

Greater Wellington has two training targets under our Te Reo and Tikanga policy approved in 2019, that by 30 June 2022: 60 percent of ELT, third tier Managers and Team Leaders; and 60 percent of staff; must have achieved at least the Pakiaka Level One learning outcomes.

We made good progress toward these targets in the last 12 months. As at 30 June 2020, 36 percent of ELT, third tier managers and Team Leaders; and 26 percent of staff; had achieved at least Pakiaka Level One learning outcomes.

We also piloted a new Treaty of Waitangi training course that received very positive feedback from the staff participants. This training is to be made available to staff in the 2020/21 year.

### **Position Ara Tahi for the future**

In 2019/20 Ara Tahi and Councillors proposed a new Ara Tahi Council Committee arrangement for consideration by the then incoming Council. This model was the preferred approach of Councillors and five of six mana whenua partners following a series of separate and combined workshops in 2018/19. While mana whenua partners acknowledged the importance of the collective relationship which began in 1991, they also identified the need to re-position the partnership for the future. In June 2020, Council and mana whenua partners agreed to pause this development work and re-think potential options for the future.

# Emergency management

## Measuring our performance

Level of Service	Performance Measures	Baseline (2017)	2018/19 Target	2018/19 Result (Audited)	2018/19 Status of Result	2019/20 Target	2019/20 Result	2019/20 Status of Result	Commentary on 2019/20 Results
	Percentage of households with sufficient emergency food and water to last at least seven days	10%	11%	23%	Achieved	12%	31.2% <sup>33</sup>	Achieved	
Work with the regional community to improve resilience to, and preparedness for, major emergency events	Annual activation test for each Emergency Operations Centre (EOC) and Emergency Coordination Centre (ECC)	100%	100%	100%	Achieved	100%	100%	Achieved	P
	Number of published Community Response Plans	75%	85%	84%	Not Achieved	95%	91%	Not Achieved	Q

### Narrative on performance

P – The regional Emergency Coordination Centre and all six of the Emergency Operations Centres were activated to respond to COVID-19, providing an opportunity to test processes, procedures and equipment and taking the place of the annual activation exercise. Most of these facilities operated on-site at their designated location, while some activated in a remote capacity with staff working from home, each working successfully to disseminate public information and support community wellbeing during the COVID-19 lockdown and Alert Level progression.

Q – There were 16 Community Response Plans completed in 2019/20. The total percentage of completed plans is at 91% due to the identification of additional Community Response Plan areas at the request of local communities.

<sup>33</sup> This figure reflects people who have 7 days of 'emergency supplies' which, in addition to emergency food and water, includes medications, pet supplies, alternative means of cooking, and so on.

## Regional Transport Planning and Programmes

### Measuring our performance

Level of Service	Performance Measures	Baseline (2017)	2018/19 Target	2018/19 Result (Audited)	2018/19 Status of Result	2019/20 Target	2019/20 Result	2019/20 Status of Result	Commentary on 2019/20 Results
Coordinate and deliver programmes which promote and encourage sustainable and safe transport choices	Number of adults participating in Sustainable Transport initiatives and promotions <sup>34</sup>	Establish Baseline 2,919 (2017/18)	Increase	4,403	Achieved	Increase	4,418	Achieved	R

### Narrative on performance

R – In spite of a number of workshops and initiatives being cancelled due to the COVID-19 Alert Level restrictions in the last quarter of the year, Regional Transport Planning and Programmes increased the number of adults participating in sustainable transport initiatives and promotions compared with the previous year.

<sup>34</sup> Aotearoa Bike Challenge – Wellington, national cycle skills courses, Smart Travel Challenge, Smart Travel registrations, and bus/bike workshops.

## REGIONAL LEADERSHIP

### FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE 2020

	2018/19 Actual \$000s	2018/19 Long Term Plan \$000s	2017/18 Actual \$000s	2017/18 Long Term Plan \$000s
<b>Sources of operating funding</b>				
General rate	8,829	10,235	8,752	9,293
Targeted rates	7,224	8,577	7,479	8,145
Subsidies and grants for operating purposes	1,444	1,369	1,224	1,359
Fees and charges	18	18	18	18
Fines, infringement fees, and other receipts	4,657	2,817	3,943	2,790
<b>Total operating funding</b>	<b>22,172</b>	<b>23,016</b>	<b>21,416</b>	<b>21,605</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	(23,109)	(22,587)	(18,561)	(21,517)
Finance costs	(703)	(1,040)	(776)	(1,047)
Internal charges and overheads applied	(251)	(655)	(574)	(574)
<b>Total applications of operating funding</b>	<b>(24,063)</b>	<b>(24,282)</b>	<b>(19,911)</b>	<b>(23,138)</b>
<b>Surplus/(deficit) of operating funding</b>	<b>(1,891)</b>	<b>(1,266)</b>	<b>1,505</b>	<b>(1,533)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	504	266	115	459
Increase/(decrease) in debt	891	717	(2,790)	1,273
Gross proceeds from asset sales	14	77	-	-
<b>Total sources of capital funding</b>	<b>1,409</b>	<b>1,060</b>	<b>(2,675)</b>	<b>1,732</b>
<b>Applications of capital funding</b>				
- to meet additional demand	-	-	-	-
- to improve the level of service	-	-	(22)	-
- to replace existing assets	(847)	(787)	(183)	(995)
(Increase)/decrease in investments	1,818	553	1,211	609
(Increase)/decrease in reserves	(489)	440	164	187
<b>Total applications of capital funding</b>	<b>482</b>	<b>206</b>	<b>1,170</b>	<b>(199)</b>
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation on Regional Leadership assets</b>	<b>182</b>	<b>410</b>	<b>178</b>	<b>184</b>

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 Long Term Plan 2018-28. All figures on this page exclude GST.

## REGIONAL LEADERSHIP

### FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE 2020

	2019/20 Actual \$000s	2019/20 Long Term Plan \$000s	2018/19 Actual \$000s	2018/19 Long Term Plan \$000s
<b>Operating funding</b>				
Wellington Regional Strategy	4,706	5,012	4,943	4,905
Emergency Management	4,316	4,123	4,159	3,999
Democratic Services	2,680	2,484	2,462	2,247
Relationships with Māori	1,488	1,469	1,334	1,330
Regional transport planning and programmes	5,050	4,576	3,942	4,092
Regional initiatives	3,931	5,352	4,576	5,032
<b>Total operating funding</b>	<b>22,171</b>	<b>23,016</b>	<b>21,416</b>	<b>21,605</b>
<b>Applications of operating funding</b>				
Wellington Regional Strategy	(5,044)	(5,222)	(5,194)	(5,108)
Emergency Management	(4,636)	(3,981)	(4,129)	(3,954)
Democratic Services	(2,687)	(2,698)	(2,317)	(2,170)
Relationships with Māori	(1,188)	(1,462)	(1,009)	(1,322)
Regional transport planning and programmes	(6,380)	(5,576)	(3,192)	(5,352)
Regional initiatives	(4,127)	(5,343)	(4,070)	(5,232)
<b>Total applications of operating funding</b>	<b>(24,062)</b>	<b>(24,282)</b>	<b>(19,911)</b>	<b>(23,138)</b>
<b>Capital expenditure</b>				
Capital project expenditure	(716)	(521)	(183)	(900)
Land and buildings	-	-	-	-
Plant and equipment	-	(14)	-	(15)
Vehicles	(131)	(252)	(22)	(80)
<b>Total capital expenditure</b>	<b>(847)</b>	<b>(787)</b>	<b>(205)</b>	<b>(995)</b>

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 Long Term Plan 2015-25.

All figures on this page exclude GST.





For many residents



what runs both above and below ground,  
including buses and pipes,  
is what matters most to the efficient  
operation of the region.

What has

Greater Wellington done to improve

Wellington's infrastructure?





**Ngā Puna Wai**  
**Water Supply**

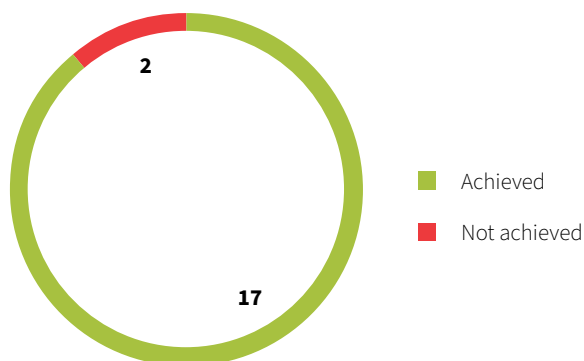
# Ngā Puna Wai

## Water Supply

### This group of activities contributes to:

Priority area	Water supply
	Regional resilience
Community outcomes	Strong economy
	Resilient community
	Healthy environment

### 2019/20 Status of non-financial performance



### Overall summary of the year's performance

#### Greater Wellington's Water Supply activities achieved 89 percent of their 19 performance measures this year.

Providing safe drinking water and future proofing bulk water supply to Wellington, Lower Hutt, Upper Hutt and Porirua cities is a priority for Greater Wellington. These services are delivered by Wellington Water Limited<sup>35</sup>, a jointly-owned council controlled organisation. Wellington Water's work programme includes the collection, treatment and distribution of safe and healthy drinking water and ensures the water supply is able to meet changing demands to cope with stresses and emergencies.

Wellington Water experienced significant challenges during the year with some high profile and disruptive issues to the reliability of the three waters network, but not relating to Greater Wellington's assets or bulk water function. The impacts of the COVID-19 pandemic and Alert Level restrictions also put pressure on the ability to deliver efficient essential services.

Despite these challenges Wellington Water met all performance measures with the exception of two. The first measure is for Hazardous Substances and New Organisms Act (2001) location and stationary container test certificates to be current. The most recent compliance certificate expired on 26 June 2020 and is yet to be validated following regulation change. The second measure that wasn't achieved is for the requirement that sufficient water is available to meet normal demand, except in a drought with a severity of greater than or equal to 1 in 50 years. Capacity limitations at Te Marua Water Treatment Plant remain a challenge to achieving this level of drought resilience. An option for an upgrade has been identified with consideration for funding being the next step in the process. Meanwhile Wellington Water and Greater Wellington continue to work on ways to encourage reducing consumer demand and water consumption throughout the region.

<sup>35</sup> Wellington Water Limited is jointly owned by Greater Wellington and the Hutt, Porirua, Upper Hutt and Wellington city councils, and South Wairarapa District Council.

# Water Supply

## Measuring our performance

Level of Service	Performance Measures	Baseline (2017)	2018/19 Target	2018/19 Result (Audited)	2018/19 Status of Result	2019/20 Target	2019/20 Result	2019/20 Status of Result	Commentary on 2019/20 Results
	Number of waterborne disease outbreaks <sup>36</sup>	0	0	0	Achieved	0	0	Achieved	
	Customer satisfaction:								
	Number of taste complaints related to bulk water supply	5	<5	0	Achieved	<5	0	Achieved	
	Number of complaints from territorial authorities (TAs) on drinking water clarity	0	<5	0	Achieved	<5	0	Achieved	
	Number of complaints from TAs on drinking water odour	0	<5	0	Achieved	<5	0	Achieved	
Provide water that is safe and pleasant to drink	Number of complaints from TAs on drinking water pressure or flow	1	<5	0	Achieved	<5	0	Achieved	
	Number of complaints per 1,000 connections (end consumers) to the bulk water supply system <sup>37, 38</sup>	0.04	<0.2	0	Achieved	<0.2	0	Achieved	
	Safety of drinking water <sup>39</sup> :								
	Compliance with part 4 of the drinking-water standards (bacteria compliance criteria)	Yes	Yes	Yes	Achieved	Yes	100%	Achieved	
	Compliance with part 5 of the drinking-water standards (protozoal compliance criteria)	Yes	Yes	Yes	Achieved	Yes	100%	Achieved	

<sup>36</sup> The outcome of the Havelock North inquiry into water supply and safety is likely to result in changes to reporting requirements.

<sup>37</sup> Non-Financial Performance Measures Rules 2013, Water supply measure 4(a-e).

<sup>38</sup> Using the Water NZ survey data for the number of end consumers provided with drinking water (145,224).

<sup>39</sup> Non-Financial Performance Measures Rules 2013, Water supply measure 1(a)-(b).

Level of Service	Performance Measures	Baseline (2017)	2018/19 Target	2018/19 Result (Audited)	2018/19 Status of Result	2019/20 Target	2019/20 Result	2019/20 Status of Result	Commentary on 2019/20 Results
Provide a continuous and secure bulk water supply	Number of events in the bulk water supply preventing the continuous supply of drinking water to consumers	0	0	0	Achieved	0	0	Achieved	
	Sufficient water is available to meet normal demand except in a drought with a severity of greater than or equal to 1 in 50 years <sup>40-41</sup>	0.4%	<2%	6.90%	Not Achieved <sup>42</sup>	<2%	6.9%	Not Achieved	S
Provide a continuous and secure bulk water supply	Attendance for urgent call-outs <sup>43</sup> :								
	Time from local authority receiving notification to service personnel reaching site	No events occurred	<60 minutes	0	Achieved	<60 minutes	0	Achieved	
	Time from local authority receiving notification to service personnel confirming resolution	No events occurred	<4 hours	0	Achieved	<4 hours	0	Achieved	
	Attendance for non-urgent call-outs <sup>44</sup> :								
Provide a continuous and secure bulk water supply	Time from local authority receiving notification to service personnel reaching site	35 minutes	<36 hours	0.5 hours	Achieved	<36 hours	0.9 hours <sup>45</sup>	Achieved	
	Time from local authority receiving notification to service personnel confirming resolution	30 minutes	<15 days	0.5 hours	Achieved	<15 days	1.25 days	Achieved	
Provide a continuous and secure bulk water supply	Average drinking water consumption per resident per day within the TA districts supplied by the bulk water system <sup>46</sup>	351 L/p/d	<374 L/p/d	359 L/p/d	Achieved	<374 L/p/d	369.8 L/p/d	Achieved	
	Maintenance of the reticulation network: Percentage of real water loss from the networked reticulation system <sup>47-48</sup>	0.7%	+/- 2%	0.1%	Achieved	+/- 2%	0.07% <sup>49</sup>	Achieved	

40 Normal demand includes routine hosing restrictions.

41 Assessed using a probability model of annual water supply shortfall.

42 A capacity limitation at Te Marua Water Treatment Plant is affecting the drought resilience of the bulk water network. A preferred upgrade option has been identified. Investigations will continue into 2019/20 to improve the cost estimate of the preferred option. This will be used to inform Smart Investment and the next Long Term Plan consultation process.

43 Non-Financial Performance Measures Rules 2013, Water supply measure 3(a)-(b).

44 Non-Financial Performance Measures Rules 2013, Water supply measure 3(c)-(d).

45 This result represents the median response time from 1 July 2019 through to 30 June 2020 for non-urgent callouts related to the bulk water network.

46 Non-Financial Performance Measures Rules 2013, [5] Greater Wellington cannot technically report due to the wording of the measure, but will report the average of all residents' consumption for the district it supplies with bulk water.

47 Non-Financial Performance Measures Rules 2013, Water supply measure [2].

48 All connections are metered, production flows are subtracted from supply flows and weekly mass balance checks carried out to identify losses. Differences in metering accuracy account for the loss or gain of water supplied rather than leakage or unauthorised use.

49 This is the non-revenue bulk water as a percentage of the annual production volume. Non-revenue bulk water is the total amount of bulk supplied water that has been used for scouring plus the amount of main leakage from the bulk mass balance.

Level of Service	Performance Measures	Baseline (2017)	2018/19 Target	2018/19 Result (Audited)	2019/20 Target	2019/20 Result	2019/20 Status of Result	Commentary on 2019/20 Results
Provide bulk water in compliance with all resource consents and environmental regulations	Full compliance with resource consents <sup>50</sup>	New measure	Yes	Yes <sup>51</sup>	Yes	100%	Achieved	
Provide bulk water in compliance with all resource consents and environmental regulations	Annual review of relevant environmental legislation	New measure	Yes	Yes	Yes	100%	Achieved	
Provide bulk water in compliance with all resource consents and environmental regulations	HSNO location and stationary container test certificates are current	New measure	Yes	Yes	Yes	0%	Not Achieved	T

## Narrative on performance

S – Capacity limitations at the Te Marua Water Treatment Plant are a constraint on achieving the required level of drought resilience. A preferred upgrade option has been identified and investigations will continue into 2020/21 to improve the cost estimate. The proposed upgrade forms part of our Sustainable Water Supply programme, and Wellington Water Limited has recommended to Greater Wellington that the investment be included in their 2021-31 Long Term Plan. Wellington Water Limited's Sustainable Water Supply programme will also examine other interventions that aim to reduce water consumption per capita.

T – Wellington Water Limited had a Location Compliance Certificate (LCC) for Waterloo through to 26 June 2020 but this is yet to be validated following regulation change. Gear Island hydrofluorosilicic acid (HFA) is not certified, with a HSNO conditional variation in place until November 2021. This has meant that we are not compliant for this measure.

<sup>50</sup> Full compliance means no notices/convictions (abatement notices, infringement notices, enforcement orders, or convictions).

<sup>51</sup> 2018/19: There were two instances of non-conformance with consent conditions, there were not any instances of non-compliance. Non-conformances are those cases where the consenting authority is aware of an issue but has determined a formal notice or enforce.

## WATER SUPPLY

### FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE 2020

	2019/20 Actual \$000s	2019/20 Long Term Plan \$000s	2018/19 Actual \$000s	2018/19 Long Term Plan \$000s
<b>Sources of operating funding</b>				
General rate	-	-	-	-
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	-	-	-	-
Fines, infringement fees, and other receipts	36,159	35,572	34,534	34,308
<b>Total operating funding</b>	<b>36,159</b>	<b>35,572</b>	<b>34,534</b>	<b>34,308</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	(21,435)	(20,293)	(20,829)	(19,985)
Finance costs	(4,789)	(5,194)	(4,706)	(4,957)
Internal charges and overheads applied	(2,166)	(2,088)	(2,008)	(2,008)
<b>Total applications of operating funding</b>	<b>(28,390)</b>	<b>(27,575)</b>	<b>(27,543)</b>	<b>(26,950)</b>
<b>Surplus/(deficit) of operating funding</b>	<b>7,769</b>	<b>7,997</b>	<b>6,991</b>	<b>7,358</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Increase/(decrease) in debt	8,951	10,294	3,934	10,535
Gross proceeds from asset sales	1	-	-	-
<b>Total sources of capital funding</b>	<b>8,952</b>	<b>10,294</b>	<b>3,934</b>	<b>10,535</b>
<b>Applications of capital funding</b>				
- to meet additional demand	(1,691)	(1,533)	(1,049)	(150)
- to improve the level of service	(8,999)	(7,900)	(4,533)	(11,183)
- to replace existing assets	(2,438)	(5,299)	(1,907)	(3,312)
(Increase)/decrease in investments	(3,487)	(3,559)	(3,276)	(3,257)
(Increase)/decrease in reserves	(106)	-	(160)	9
<b>Total applications of capital funding</b>	<b>(16,721)</b>	<b>(18,291)</b>	<b>(10,925)</b>	<b>(17,893)</b>
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Bulk Water Levy<sup>1</sup></b>	<b>34,788</b>	<b>34,230</b>	<b>33,069</b>	<b>33,069</b>
<b>Depreciation on Water assets</b>	<b>15,768</b>	<b>15,951</b>	<b>15,596</b>	<b>15,675</b>

<sup>1</sup> 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 the Long Term Plan 2018-28.

All figures on this page exclude GST.



## WATER SUPPLY

### FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE 2020

	2019/20 Actual \$000s	2019/20 Long Term Plan \$000s	2018/19 Actual \$000s	2018/19 Long Term Plan \$000s
<b>Operating funding</b>				
Water supply	36,159	35,572	34,534	34,308
<b>Total operating funding</b>	<b>36,159</b>	<b>35,572</b>	<b>34,534</b>	<b>34,308</b>
<b>Applications of operating funding</b>				
Water supply	(28,390)	(27,575)	(27,543)	(26,950)
<b>Total applications of operating funding</b>	<b>(28,390)</b>	<b>(27,575)</b>	<b>(27,543)</b>	<b>(26,950)</b>
<b>Capital expenditure</b>				
Water sources	(625)	(20)		(130)
Water treatment plants	(1,422)	(1,492)	(3,317)	(3,475)
Pipelines	(3,167)	(4,865)	(1,272)	(1,365)
Pump stations	(829)	(245)	(703)	(40)
Reservoirs		-		-
Monitoring and control	(62)	(184)	(148)	(137)
Seismic protection		-		-
Energy	-	-		-
Other	(6,972)	(7,869)	(2,016)	(9,443)
Land and buildings	-		-	
Plant and equipment	(51)	(57)	(33)	(55)
Vehicles	-		-	
<b>Total capital expenditure</b>	<b>(13,128)</b>	<b>(14,732)</b>	<b>(7,489)</b>	<b>(14,645)</b>

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 Long Term Plan 2018-28.

All figures on this page exclude GST.

A POINT OF CONTENTION IN RECENT YEARS CONCERNS GREATER WELLINGTON'S OVERHAUL OF THE CITY'S BUS SYSTEM.

WHAT HAS BEEN DONE TO IMPROVE THE CUSTOMER EXPERIENCE

— oh —  
WELLINGTON'S BUSES?



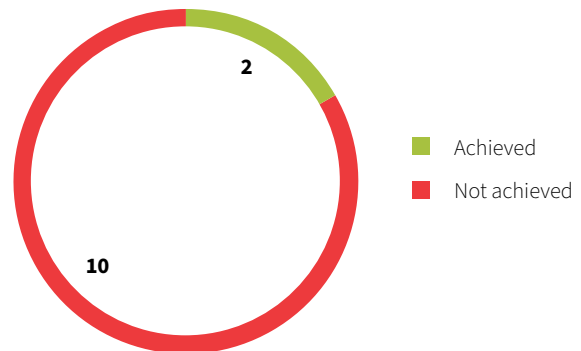
**Ngā Waka Tūmatanui**  
**Metlink Public Transport**

# Ngā Waka Tūmatanui Metlink Public Transport

## This group of activities contributes to:

Priority area	Public transport
Community outcomes	Connected community
	Strong economy
	Healthy environment

## 2019/20 Status of non-financial performance



## Activities

- Metlink network planning and operations – an integrated and accessible network
- Bus and ferry operations – frequent, reliable bus and ferry services
- Rail operations – a high capacity rail system

## Overall summary of the year's performance

### Greater Wellington's Metlink Public Transport activities achieved 16.7 percent of their 12 performance measures this year.

Greater Wellington manages the Metlink public transport network and delivers public transport services to the region. We deliver services across an integrated network of bus and rail, and the harbour ferry service. Our responsibilities extend to maintaining public transport infrastructure, including railway stations, the train maintenance depot, bus and ferry shelters, signs and Park and Ride facilities. Prior to the emergence of the COVID-19 pandemic, we were tracking towards record patronage growth on the network. By the end of March 2020 New Zealand had entered Alert Level 4 lockdown and public transport was deemed by central government to be an essential service which was required to keep operating. Under Alert Level 4 patronage dramatically decreased, services were reduced, cleaning services increased substantially, driver safety measures were implemented, and it became free to travel on public transport until 30 June 2020. Encouragingly, as we have

emerged from the more severe Alert Level restrictions, we have seen sustained patronage growth across the Wellington Region at an increased rate higher than anticipated. In fact, we are seeing far stronger patronage recovery than anywhere else in New Zealand and most international jurisdictions.

### Metlink network planning and operations – an integrated and accessible network

A priority for Metlink during the year was to continue to increase stability of the Wellington bus network following the co-ordinated rollout of changes to the public transport network to the region in 2018/19. The upgrade introduced new bus contracts, new operators, bus network changes and changes to ticketing, fares and timetabling across the region.

During the year, we instigated a Wellington City Bus Network Review to address operational and performance challenges arising from these changes. We engaged with over 1,400 customers and bus drivers with an intensive programme of focus groups, community drop-in sessions and online surveys. An action plan was developed to

implement key themes from this engagement, including the removal of forced transfers, increasing all-day direct services, increasing capacity and improving reliability and real-time passenger information. Changes recommended in the action plan have been implemented from January 2020 including significant strengthening of the services in the Eastern and Western suburbs.

The focus for improving Metlink's brand awareness and reputation this year has been on customer and community based activities. This included the promotion of customer driven network improvements (through the 'You asked, We listened' campaign), promotion of the Bus Network Review community engagement, Metlink's bus driver recruitment campaign on behalf of operators and sponsorship of community events. An interim customer satisfaction survey in November 2019 indicated an improvement in customer satisfaction with Metlink (bus and rail) when compared with the same survey five months prior. The restrictions imposed during the COVID-19 Alert Level 4 lockdown resulted in the annual bus, ferry and rail passenger satisfaction surveys not being able to be carried out. As a result we looked to our November 2019 customer satisfaction survey as an interim indicator of performance for our customer satisfaction performance measures for 2019/20.

Public transport was deemed an essential service during the COVID-19 pandemic response on 26 March 2020. Metlink undertook large amounts of work within a short period of time to ensure the provision of public transport complied with Government directives. Metlink responded swiftly with the early removal of cash payments, and implemented a range of proactive community messaging to ensure the requirements, such as social distancing, were promoted and delivered across communication channels. We continued to operate a customer-centric service with the safety of passengers and Metlink staff taken very seriously and accorded a top priority throughout all Alert Levels. We also worked closely with the Capital and Coast District Health Board (DHB) to ensure the reduced timetable enabled DHB workers to get to and from their places of work.

A significant amount of ground-work was undertaken to improve the delivery of digital information. A live prototype of the on-bus next stop announcement system was completed to test customer requirements for the system. We also developed an open-data Application Programming Interface (API) to enable the public and developer communities to access and consume real-time information data. We began work to upgrade the Metlink website, and

launched new digital passenger information displays at Wellington Railway Station. We have continued to work towards providing a fully integrated fares and ticketing system for the network, which will enable the introduction of integrated fares, with Waka Kotahi/NZ Transport Agency.

### **Bus and ferry operations**

Metlink continued to work with our operators to ensure that the Wellington City bus network remains stable and operating to a level that customers can expect from a world-class public transport system.

Metlink worked with bus operators throughout the year to implement measures to address operating issues. Timetable changes were developed to better match capacity with demand and improve reliability and punctuality within current vehicle and driver resource constraints. In response to a national shortage of bus drivers, we supported operators with driver recruitment campaigns and arranged a workforce strategy workshop with representatives from operators, unions, industry advocates, Waka Kotahi/NZ Transport Agency and the Ministry of Transport.

We also provided national and regional leadership to prepare for the implementation of rest and meal breaks requirements as set out in the Employment Relations Amendment Act 2018.

Bus reliability and punctuality showed sustained improvement over the year. Prior to COVID-19 Alert Level 4 bus reliability was 99.1 percent (0.8 percent increase over last year) and punctuality was at 94.1 percent (1.7 percent increase over last year).

Although the end of year targets for bus punctuality and reliability have not been met this year, we continue to make refinements to the bus network following recommendations from an action plan for implementation of matters arising from the Wellington City Bus Network Review.

Our ability to deliver the review's short term improvements were affected by the COVID-19 Alert level lockdowns and are now scheduled to be delivered in October 2020. These changes are significant and include: the introduction of direct hourly all-day services between the Wellington CBD and Strathmore Park, Houghton Bay, Southgate, Owhiro Bay, Kowhai Park and Vogeltown; and the addition of Route 2 into northern Miramar to provide all day high frequency services into Wellington CBD; as well as a number of added services to timetables across the network.

### **Rail operations – a high capacity rail system**

Prior to the COVID-19 Alert Level lockdowns, rail patronage continued to grow strongly, particularly during the peak. Between July 2019 and February 2020 rail passenger boardings grew by 318,500 to reach over 9.5 million boardings. This represented a 3.5 percent increase in boardings over the year-to-date (and 5.4 percent increase at peak periods year-to-date). Since the move back to Alert Level 1, passenger boardings have continued to increase at a rate higher than anticipated.

We worked with KiwiRail to support their rail infrastructure renewal programme to ensure the rail network is fit for purpose and to improve the resiliency of the rail corridor. We have also continued a programme to upgrade our railway stations to remove key network constraints. All upgrade and maintenance work across the network was halted during the COVID-19 lockdown period. The traction pole renewal project has been affected by restrictions in international travel as some contractors are based in Australia.

All upgrade and maintenance work across the network was halted during the COVID-19 lockdown period.

We have submitted an interim business case for new trains on the Wairarapa and Manawatū lines to Waka Kotahi/NZ Transport Agency, which will also help alleviate capacity issues on the Kapiti and Hutt Lines. Waka Kotahi/NZ Transport Agency approved funding to carry out a number of investigations, enable the preparation of a detailed business case, and undertake the procurement process for the new trains (subject to long term funding being secured).

Improvements to our rail assets (which are maintained through Greater Wellington Rail Limited) continued throughout the year. Highlights include installing expanded Park & Ride at Paremata and Waterloo stations, seismically strengthening works on rail footbridges at Linden, Woburn and Wingate and the introduction of new cycle storage facilities and a number of additional shelters.

# Metlink Public Transport

## Measuring our performance

Level of Service	Performance Measures	Baseline (2017)	2018/19 Target	2018/19 Result (Audited)	2018/19 Status of Result	2019/20 Target	2019/20 Result	2019/20 Status of Result	Commentary on 2019/20 Results
	Percentage of rail users who are satisfied with their trip overall <sup>52</sup>	93%	>92%	89%	Not Achieved	>92%	93%	Achieved	U
Transform and elevate customer experience and use of Metlink passenger services	Percentage of bus users who are satisfied with their trip overall <sup>53</sup>	92%	>92%	87%	Not Achieved	>92%	90% <sup>54</sup>	Not Achieved	U
	Annual public transport boardings per capita	74.5	75.6	75.2	Not Achieved	75.7	62.4	Not Achieved	V
	Rebased to exclude commercial boardings: 71.8 <sup>56</sup>					Rebased to exclude commercial boardings: 73.0		Not Measured	
	Percentage of scheduled services delivered (reliability)	Bus 99.1% <sup>57</sup>	99.5%	98.4% <sup>58</sup>	Not Achieved	Bus 99.5%	98.9%	Not Achieved	W
Deliver services in accordance with the published timetable	Percentage of scheduled services delivered (reliability)	Rail 97.2%	99.5%	95.3%	Not Achieved	Rail 99.5%	95.7%	Not Achieved	X
	Percentage of scheduled bus services on-time at origin (punctuality) - to 5 minutes <sup>59</sup>	Bus N/A <sup>60</sup>	90%	92.5% <sup>61</sup>	Achieved	Bus 95%	94.2% <sup>62</sup>	Not Achieved	Y
				80% <sup>63</sup>	Not Achieved				

52 Satisfied = score of 6-10 on a scale of 0-10

53 Satisfied = score of 6-10 on a scale of 0-10

54 This interim survey result (from the Customer Satisfaction survey run in November 2019) does not represent the whole bus network, only the Wellington City bus service.

55 The bus network (excluding Wellington City bus services) was not included in the Customer Satisfaction survey run in November 2019 so no interim result can be reported.

56 Performance prior to 2018/19 included boardings for commercial trips, which are no longer reported to Greater Wellington as these services are now defined as exempt services under the Land Transport Management Act 2003. The baseline (2017) excluding these exempt services is 71.8.

57 Reliability for the 2018/19 year is based on services that are actually tracked by our Real Time Indicator (RTI) and Snapper systems, and therefore results cannot be compared with prior years. In prior years operators self-reported reliability.

58 2018/19: Cancelled services are factored into the Reliability measure; the Reliability measure checks whether a trip ran (ie, was tracked/sighted in service on its scheduled route). Cancellations are the primary reason why a scheduled trip does not run.

59 This measure is based on services that depart from origin, departing between one minute early and five minutes late.

60 This measure has changed from the previous Long Term Plan, moving from 10 to 5 minutes punctuality with the new bus contracting environment.

61 2018/19 result: Measure excludes trips where the start time of the trip was not recorded. Trips where there is no origin data represents 15% of total trips.

62 2019/20 result: Measure excludes trips where the start time of the trip was not recorded. Trips where there is no origin data represents 11.5% of total trips.

63 2018/19 result: Measure includes all trips where there is a record of the trip having been run, whether there was an origin or destination record or not.

Level of Service	Performance Measures	Baseline (2017)	2018/19 Target	2018/19 Result (Audited)	2018/19 Status of Result	2019/20 Target	2019/20 Result	2019/20 Status of Result	Commentary on 2019/20 Results
Deliver services in accordance with the published timetable	Percentage of scheduled bus services on-time at destination (punctuality) - to 5 minutes <sup>64</sup>	Bus N/A <sup>65</sup>	90%	59% <sup>66</sup>	Not Achieved	Bus – Improvement on previous year (59%) <sup>67</sup>	53.8% <sup>68</sup>	Not Achieved	Y
	Percentage of scheduled rail services on-time (punctuality) - to 5 minutes <sup>70</sup>	Rail 88%	90%	88.3%	Not Achieved	Rail 91%	89.4%	Not Achieved	Z
Provide accessible and accurate information on Metlink services to the public	Percentage of users who are satisfied with the provision of Metlink information – about delays and disruptions	67%	≥70%	52%	Not Achieved	≥71%	57% <sup>71</sup>	Not Achieved	U
	Percentage of passengers who are satisfied with overall station/stop/wharf <sup>72</sup>	91%	≥91%	91%	Achieved	≥92%	93% <sup>73</sup>	Not Achieved	U
Maintain and improve the performance and condition of Metlink assets	Average condition rating of all bus shelters maintained by Metlink (1 = very good and 5 = very poor)	1.8	Improvement on previous year	1.6	Not Achieved	Improvement on previous year (1.6)	1.6	Achieved	
	Percentage of users who are satisfied with the overall service of the scheme <sup>75</sup>	99%	≥99%	96%	Not Achieved	≥99%	98%	Not Achieved	AA
<p>64 This measure is based on bus services that arrive at destination, arriving between one minute early and five minutes late (with a 30-second leeway). For 2019/20: 91.4% of services arrived at their destinations on time or early (53.8% arrived at their destination on time, 37.6% arrived more than one minute early) and 8.6% arrived more than five minutes late.</p>									
<p>65 Bus punctuality at destination has not been reported on in prior years; therefore results cannot be compared with prior years.</p>									
<p>66 2018/19 result: Measure excludes trips where the end time of the trip was not recorded. Trips where there is no destination data represents 1.4% of total trips.</p>									
<p>67 No target was provided in the 2018-28 Long Term Plan for bus punctuality at destination. In 2018/19 is the first year where there is comparable data so the target for 2019/20 is to improve on the previous year result.</p>									
<p>68 2019/20 result: Measure excludes trips where the end time of the trip was not recorded. Trips where there is no destination data represents 12.1% of total trips.</p>									
<p>69 2018/19 result: Measure includes all trips where there is a record of the trip having been run, whether there was an origin or destination record or not.</p>									
<p>70 The rail punctuality measure is based on rail services arriving at key interchange stations and final destination, within five minutes of the scheduled time.</p>									
<p>71 This interim survey result (from the Customer Satisfaction survey run in November 2019) covers the full rail network but not the whole bus network (only the Wellington City bus services). It also excludes ferry services.</p>									
<p>72 Technical details relating to survey: On board survey, systematic random sampling. Sample size 4,042. Response rate 61% (ferry 69%, train 65%, bus 55%). Max margin of error at 95% confidence interval. Total results weighted by mode: 63.5% bus, 36.1% train, 0.4% ferry.</p>									
<p>73 This interim survey result (from the Customer Satisfaction survey run in November 2019) covers the full rail network but not the whole bus network (only the Wellington City bus services). It also excludes ferry services.</p>									
<p>74 The bus network (excluding Wellington City bus services) and ferry services were not included in the Customer Satisfaction survey run in November 2019 so no interim result can be reported.</p>									
<p>75 Satisfied = score of 3-5 on a scale of 1-5. In 2017/18 the satisfaction scale changed from 1 -10 points to 1-5 points.</p>									



## Narrative on performance

U – The annual passenger satisfaction survey is normally undertaken in May each year across the regional public transport network (rail, bus and ferry services). For 2019/20 this survey could not be satisfactorily undertaken due to the COVID-19 Alert Level 3 and 2 restrictions which were in place during May 2020. The physical distancing requirements for public transport during this time meant that it was not possible for surveyors to carry out the in-person engagement required for the survey. Also, due to significantly lower passenger numbers there would not have been a comparative sample size for this period against previous years. An interim survey, using the same methodology as the annual survey, was carried out in November 2019 (pre-COVID-19 disruptions). Unlike the annual survey, this survey did not cover all parts of the public transport network. All rail services were surveyed but only the Wellington City bus service was surveyed. Bus services for the rest of the Wellington Region (excluding Wellington City) and our ferry services were excluded from this interim survey. Consequently, the results reported are an accurate reflection of customer satisfaction for the rail network, but only indicate a likely trend for the rest of the public transport network.

V – COVID-19 Alert Level restrictions affected passenger boardings from the end of March 2020. The year-to-date result at 29 February 2020 was 75.3 and by 31 March had dropped to 74.7, already reflecting the impact of COVID-19 Alert Level 4, which commenced only a few days earlier, on 26 March 2020. The year-end result of 62.4 reflects the continuation of passenger boarding restrictions on public transport through until COVID-19 Alert Level 1 came into effect on 25 May 2020. However, many people were weary of returning quickly back to regular public transport use and continued to work from home or use alternative modes of transport such as private cars and thus the return to typical passenger boarding levels has been slow.

W – Driver shortages faced by some operators throughout the year reduced capacity for the management of driver absenteeism. This has been a key contributor to service cancellation and resultant reliability failures. In spite of these challenges, bus reliability was still within 0.6 percent of target.

X – Worksites to renew infrastructure on the Wairarapa Line affected rail reliability. Also affecting rail reliability was a faulty GPS tracking unit, which led to a large number of reporting system defects.

Y – Inconsistent travel times due to traffic congestion, operator scheduling, and timetabled run times are all contributors to poor bus punctuality (travel time consistency and bus priority are improvement areas identified in the Let's Get Wellington Moving project). Timetables continue to be reviewed in response to customer and bus operator feedback. We work with operators to progress timetable adjustments to mutually agreed commencement dates that bus operators are able to accommodate within their available resources and business processes. Operator scheduling issues continue to be raised with operators as required. While not achieved against target, the 2019/20 bus punctuality at origin result of 94.2 percent was an improvement on the result reported for 2018/19 (92.5 percent). The bus punctuality results do not include trips where the start or end time was not recorded. The main reasons for unrecorded trips are due to driver behaviour<sup>76</sup>, the trip is cancelled partway through; equipment failures; mobile network dead spots; and swapping of drivers during a trip.

Z – Rail punctuality was impacted by worksites to renew infrastructure on the Wairarapa Line. The result for Rail (89.4 percent) was only 1.6 percent behind the target of 91 percent.

AA – The annual Total Mobility survey was postponed until October 2020 due to the impact of COVID-19 Alert Level restrictions. From 14 April – 1 July 2020 Total Mobility trips were fully subsidised up to \$80 per trip. Travel restrictions were also in place during Alert Levels 4 and 3 and only limited number of Total Mobility users used services during this time. Also there was limited care support provided during this time (Total Mobility users may use care support workers to help complete their surveys).

<sup>76</sup> Driver behaviour includes: Driver trips on outside of the origin start/stop geo-fence; Driver trips on to the trip after the origin start stop; Driver trips off before the destination stop; Driver finishes the trip before the destination stop.

## PUBLIC TRANSPORT

### FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE 2020

	2019/20 Actual \$000s	2019/20 Long Term Plan \$000s	2018/19 Actual \$000s	2018/19 Long Term Plan \$000s
<b>Sources of operating funding</b>				
General rate	-	-	-	-
Targeted rates	69,788	70,193	67,736	68,110
Subsidies and grants for operating purposes	145,288	75,095	81,734	79,575
Fees and charges	72,819	97,447	95,422	94,120
Fines, infringement fees, and other receipts <sup>1</sup>	8,532	6,194	9,248	7,613
<b>Total operating funding</b>	<b>296,427</b>	<b>248,929</b>	<b>254,140</b>	<b>249,418</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	(273,621)	(214,601)	(228,167)	(221,826)
Finance costs	(13,224)	(14,323)	(13,693)	(14,265)
Internal charges and overheads applied	-	(9,949)	(9,352)	(9,567)
<b>Total applications of operating funding</b>	<b>(286,845)</b>	<b>(238,873)</b>	<b>(251,212)</b>	<b>(245,658)</b>
<b>Surplus/(deficit) of operating funding</b>	<b>9,582</b>	<b>10,056</b>	<b>2,928</b>	<b>3,760</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	8,082	29,782	11,308	23,980
Increase/(decrease) in debt	(707)	14,587	40,050	46,650
Gross proceeds from asset sales	-	-	4	10
<b>Total sources of capital funding</b>	<b>7,375</b>	<b>44,369</b>	<b>51,362</b>	<b>70,640</b>
<b>Applications of capital funding</b>				
- to meet additional demand	(1,113)	-	(97)	(4,117)
- to improve the level of service	(556)	(32,885)	(1,700)	(7,398)
- to replace existing assets	(1,355)	(3,100)	(41,002)	(34,522)
(Increase)/decrease in investments <sup>2</sup>	(16,461)	(20,660)	(13,536)	(30,748)
(Increase)/decrease in reserves	2,528	2,220	2,045	2,385
<b>Total applications of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation on Public Transport assets</b>	<b>5,084</b>	<b>6,064</b>	<b>3,361</b>	<b>4,615</b>

<sup>1</sup> This includes revenue from Greater Wellington Rail Limited for services provided to manage the rail assets.

<sup>2</sup> 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 Waka Kotahi/NZ Transport Agency. This expenditure is treated as operational expenditure in Greater Wellington's accounts as the underlying assets will mostly be owned by the Greater Wellington subsidiary Greater Wellington Rail Limited. This has the effect of creating an operational deficit which is funded by debt in accordance with Greater Wellington's Revenue and Financing policy.

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 Long Term Plan 2018-28.

All figures on this page exclude GST.

## PUBLIC TRANSPORT

### FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE 2020

	2019/20 Actual \$000s	2019/20 Long Term Plan \$000s	2018/19 Actual \$000s	2018/19 Long Term Plan \$000s
<b>Operating funding</b>				
Metlink public transport network planning	20,279	24,940	23,839	25,542
Rail operations and asset management	164,256	128,635	131,238	127,275
Bus and ferry operations and asset management	111,892	95,354	99,063	96,601
<b>Total operating funding</b>	<b>296,427</b>	<b>248,929</b>	<b>254,140</b>	<b>249,418</b>
<b>Applications of operating funding</b>				
Metlink public transport network planning	(20,423)	(24,525)	(22,387)	(26,591)
Rail operations and asset management	(154,851)	(119,703)	(121,530)	(120,479)
Bus and ferry operations and asset management	(111,571)	(94,645)	(107,295)	(98,588)
<b>Total applications of operating funding (excluding improvements)</b>	<b>(286,845)</b>	<b>(238,873)</b>	<b>(251,212)</b>	<b>(245,658)</b>
<b>Improvement expenditure</b>				
Bus and ferry operations and asset management	-	-	-	-
Total improvement expenditure	-	-	-	-
<b>Total applications of operating funding (including improvements)</b>	<b>(286,845)</b>	<b>(238,873)</b>	<b>(251,212)</b>	<b>(245,658)</b>
<b>Net surplus/(deficit) of operating funding</b>	<b>9,582</b>	<b>10,056</b>	<b>2,928</b>	<b>3,760</b>
<b>Investment in Greater Wellington Rail Limited</b>				
Rail operations and asset management	(16,461)	(20,660)	(13,536)	(30,748)
<b>Capital project expenditure</b>				
New public transport shelters, signage, pedestrian facilities and systems	(2,164)	(35,985)	(1,059)	(45,997)
Land and buildings	(836)	-	(1,129)	-
Plant and equipment	(24)	-	(9,689)	-
Vehicles	-	-	(30,922)	(40)
<b>Total capital expenditure</b>	<b>(3,024)</b>	<b>(35,985)</b>	<b>(42,799)</b>	<b>(46,037)</b>
<b>Total investment in Public Transport Infrastructure</b>	<b>(19,485)</b>	<b>(56,645)</b>	<b>(56,335)</b>	<b>(76,785)</b>

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 2018-28 Long Term Plan.

All figures on this page exclude GST.

# WORKING TOGETHER FOR THE GREATER ENVIRONMENTAL GOOD

IS A SLOGAN USED BY  
GREATER WELLINGTON  
TO EXPRESS ITS  
CORE PURPOSE.

WHAT HAS GREATER WELLINGTON  
DONE TO WORK TOWARD  
MAKING THAT VISION  
A REALITY?

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

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# Tā te Kaunihera Rōpū me ngā Mahi Haumi

## Council Controlled Organisations and Investments

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### Overview

Greater Wellington has a significant portfolio of investments, comprising:

- liquid financial deposits
- administrative properties (eg, depots)
- forestry
- equity investments in the WRC Holdings Group (including CentrePort Limited)
- rail rolling stock and related assets

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 Limited) and our liquid financial deposits.

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

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### 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.

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### 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.

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## Liquid financial deposits

Greater Wellington holds \$33 million in liquid financial deposits as a result of selling our interest in CentrePort Limited to our wholly owned subsidiary (WRC Holdings Limited). 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, creditworthy counterparties, and need to hold liquidity to meet liquidity covenants to maintain our high credit rating.

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## Administrative properties

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

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## Forestry

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.

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## Civic Financial Services Limited

Greater Wellington has a minor equity interest in Civic Financial Services Limited. This investment is owned

directly by Greater Wellington rather than via the WRC Holdings Group.

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## Wellington Regional Economic Development Agency (WellingtonNZ)

WellingtonNZ 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, WellingtonNZ 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 (WRS) Committee – a standing committee of Greater Wellington, with membership from the councils in

the region. WellingtonNZ implements the majority of the Wellington Regional Strategy and will support other plans that are currently being developed.

### Performance targets

The performance targets for Wellington NZ are set through their 2019/20 Statement of Intent<sup>77</sup> that was signed off by both the WRS Committee and shareholders. Results against the 2019/20 year will be published in their Annual Report by the end of December 2020.

<sup>77</sup> [https://www.wellingtonnz.com/assets/Uploads/resources/29c445432f/WREDA\\_SOI-20178\\_V4.pdf](https://www.wellingtonnz.com/assets/Uploads/resources/29c445432f/WREDA_SOI-20178_V4.pdf)

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## Wellington Water Limited

Wellington Water manages Greater Wellington's bulk water supply function. Wellington Water also manages local water supply, stormwater and wastewater service delivery in the four cities of the Wellington Region. During the year, South Wairarapa District Council joined as a shareholder. Wellington Water is jointly owned by Greater Wellington, Wellington City Council, Hutt City Council, Upper Hutt City Council, Porirua City Council and South Wairarapa District Council. Greater Wellington holds a 19% equity stake. 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 measures are set out in the Water Supply section of the 2018-28 Long Term Plan<sup>78</sup> and performance targets for the 2019/20 year are set through Wellington Water's 2019/20 Statement of Intent.

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## Wellington Regional Stadium Trust (Sky Stadium)

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

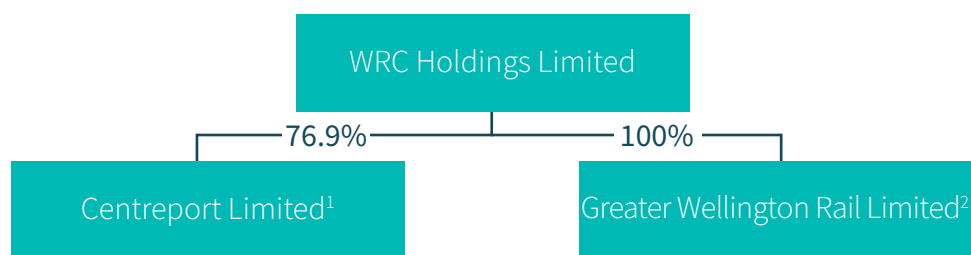
Greater Wellington provided a \$25 million loan to the Wellington Regional Stadium Trust to plan and build the stadium. It is the trust's principal funder.

Greater Wellington appoints one of its Councillors to the Wellington Regional Stadium Trust and jointly with Wellington City Council appoints other trustees. Greater Wellington also monitors the trust's performance against its Statement of Trustees Intent.

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## WRC Holdings Group

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



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

WRC Holdings Limited is an investment holding company. On 31 March 2020 Port Investments Limited was merged with WRC Holdings Limited, to simplify the company structure. The main operating companies in the group are CentrePort Limited and Greater Wellington Rail Limited. Every year, WRC Holdings Limited provides to Greater Wellington, as 100 percent shareholder, a Statement of Intent for the WRC Holdings Group.

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 Limited are to support Greater Wellington's strategic vision and operate

<sup>78</sup> Pages 66-68 of the 2018-28 Long Term Plan sets out the Water Supply non-financial performance measures, as included in the Wellington Water Annual Report.



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 2020	Target 2020	Actual 2019
Dividend distribution \$000s	2,800	2,523	\$1,800
Dividend distribution %	98.0%	100%	100%
Return on equity <sup>79</sup>	1.00%	1.00%	0.78%
Return on assets <sup>80</sup>	1.24%	1.20%	1.00%
Shareholders' funds to total assets	96.0%	84.7%	84.0%

## WRC Holdings group financial performance targets are:

	Actual 2020	Target 2020	Actual 2019
Net profit/(deficit) before tax	\$147 million	\$184.3 million	\$53.9 million
Net profit/(deficit) after tax <sup>81</sup>	\$143.3 million	\$190.1 million	\$53.7 million
Earnings before interest, tax and depreciation	\$171.1 million	\$218.7 million	\$80.1 million
Return on total assets <sup>82</sup>	15.70%	23.60%	7.1%
Return on shareholders' funds <sup>83</sup>	22.90%	33.90%	10.1%
Stakeholders' funds to total assets	68.90%	69.50%	67.5%
Dividends <sup>84</sup>	\$2.8 million	\$2.5 million	1.8 million

The main drivers for the variance to target are lower insurance proceeds than budgeted for CentrePort, as the overall insurance claim is still in negotiation and the costs of CentrePort redeeming the Mandatory Convertible Notes (MCNs) issued by the Centreport property companies.

Directors of WRC Holdings and its subsidiaries as at 31 June 2020 (excluding CentrePort Limited) are:

- Prue Lamason (Chair)
- Roger Blakeley
- Glenda Hughes
- Chris Kirk-Burnand
- Nick Leggett
- Helen Mexted
- Nancy Ward

<sup>79</sup> Based on net surplus before tax divided by average equity, but excluding revaluation gains and losses.

<sup>80</sup> Based on earnings before interest and tax divided by average assets.

<sup>81</sup> Net profit after tax, but before deduction of minority interest.

<sup>82</sup> Earnings before interest and tax as a percentage of average total assets.

<sup>83</sup> Net profit after tax (and after deduction of minority interest) as a percentage of average shareholder equity (excluding minority interest).

<sup>84</sup> Dividends (interim and final) paid or payable to the shareholder.

## Greater Wellington Rail Limited

Greater Wellington Rail Limited owns Greater Wellington's investments in rail rolling stock and other assets, which includes the following:

- 18 SW carriages
- 6 SE carriages
- 1 AG luggage van
- 83 Matangi units
- 1 Matangi driving simulator
- 2 remote controlled shunt crabs
- Rail infrastructure – EMU depot, rail stations, overbridges/underpasses, car parks

### Performance targets

	Actual 2020	Target 2020	Actual 2019
Shareholders' funds to total assets	80.7%	83.0%	79.6%
Operating expenditure (\$ million)	\$40.5	\$39.7	\$37.5
Capital expenditure (\$ million)	\$16.5	\$20.6	\$13.5

## CentrePort Limited

	Actual 2020	Target 2020	Actual 2019
Net profit before tax	19.7	17.4	\$ 18.6 million
Net profit after tax	14.7	12.6	\$ 16.6 million
Return on total assets <sup>85</sup>	3.8%	3.4%	8.8%
Return on shareholders' funds <sup>86</sup>	3.9%	3.6%	6.2%
Dividends distribution as a percentage of NPAT <sup>87</sup>	34.1%	39.8%	24.1%
Dividend <sup>88</sup>	\$5 million	\$5 million	\$4 million
Interest cover ratio <sup>89</sup>	0	0	0
Underlying NPAT before earthquake impacts and changes in fair value per share	\$0.63	\$0.54	\$0.71
Dividend per share	\$0.21	\$0.21	\$0.17
Net assets per share	\$19.44	\$19.18	\$12.95

85 Net profit before interest and tax as a percentage of average total assets.

86 Net profit after tax as a percentage of average shareholders' funds.

87 Underlying net profit after tax excludes (i) fair value movements from cash flow hedges and investment property valuations, and (i) earthquake items.

88 For forecasting purposes the base of 40% (rounded to the nearest \$100k) has been used for out-year reporting.

89 The company has set medium and long-term financial performance and financial health targets. Earnings before interest, tax and depreciation, divided by interest expense.

## CentrePort Limited Safety and Security Performance Targets

Objective	Performance measure	Performance target FY20	Performance target Q4 and FY20
Year-on-year improvement towards zero harm	Lost Time Injury Frequency Rate (per 200,000 hours worked (LTIFR))	3.5	12 month rolling LTIFR = 2.69
	Lost Time Injury Severity Rate (LTISR)	10	12 month rolling LTISR = 8.0
	Site Inspections	>120	Q4 = 87 FY20 = 261
	Safety Interactions	>120	Q4 = 103 FY20 = 302
	Random Drug and Alcohol Testing (as a percentage of total employees)	>40%	COVID-19 prevented our drug testing agency from testing during Alert Level 4 lockdown. Outside of Alert Levels 4 lockdown testing was carried out every month above the target level
	bSafe Reports (incident and near miss reports)	>900	Q4 = 171 FY20 = 1,059
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	Health & Safety systems are all fit for purpose and comply with AS/NZS 4801
Maintain a Health and Safety Policy that leads our zero harm aspiration and actions	Policy reviewed annually against CentrePorts objectives and external benchmarks	Compliance with Policy	Health & Safety policy documents have been reviewed and strategy aligns with CentrePort values and vision
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 the PHSC
	Risk assessments of new tasks or reviews post incident completed	All new task risk assessments and post incident reviews complete	All new tasks and any changes to current workflows have adequate risk assessment prior to any changes
Maintain compliance with the International Ship & Port Security (ISPS) Code	Compliance is maintained, all incidents are reported to Maritime New Zealand and NZ Customs Service, and learning reviews are undertaken and recommendations implemented	Compliance maintained as per annual audit	Compliance with the ISPS maintained. All reportable incidents reported to the correct regulatory body

## CentrePort Limited Environmental Performance Targets

Objective	Performance measure	Performance target FY20	Performance target Q4 and FY20 Outcome
Ensure regulatory compliance	Compliance breaches	Zero	Q4 = Zero. Significant improvement in identification of compliance requirements achieved under a certified Environmental Management System. Engagement with regulatory authorities continues, as does close monitoring of contractors on port.
Minimise risk to the environment	System: consistency with ISO14001	Audit and completion of first stage certification (note 1 below)	EnviroMark (Toitu) 'Gold' level maintained. Development of EMS to next stage underway.
	Incidents: number of registered environmental incidents (FY2015 baseline – 32)	Minimum 20% decrease from baseline	2 incidents. Hydraulic oil spill in log yard. Diesel spill in Bluebridge marshalling area. FY20 = 9. All incidents were investigated, and corrective / improvement actions taken where necessary.
	Complaints: number of complaints from external stakeholders about environmental performance	Zero	Q4 = 1 complaint relating to vessel exhaust emission. FY20 = 5 complaints. 3 complaints relating to vessel emissions and 2 complaints relating to dust discharges.
Operate in a sustainable manner	Greenhouse gas emissions (quantity CO2 equivalent) emissions measured in accordance with ISO 14064 –1:2006 and the Greenhouse Gas Protocol.	Meet targets identified in Emissions Management Plan	Emission reduction opportunities are progressing (Electric Vehicles, electric bomb carts, electrical upgrades including diesel generator replacement). Longer term emissions reduction strategy development well advanced (to be finalised Q1 FY21).
	Ozone depleting substances used (quantity methyl bromide released to atmosphere)	100% recapture	100% recapture for the period.
	Solid waste to landfill (quantity) including the potential for third party waste	Waste minimisation integrated into Earthquake recovery projects	Q4. Demolition waste reduction programme continuing (e.g. former BNZ building), including receipt of waste from external sites. FY20. Significant quantities of construction and demolition waste diverted from landfill to be reused or recycled. Waste management practices (e.g. office waste) improving.

Objective	Performance measure	Performance target FY20	Performance target Q4 and FY20 Outcome
Engage with stakeholders on environmental matters	Environmental Consultative Committee meeting frequency	At least three per annum	Two meetings held. Third meeting postponed due to COVID-19. Next meeting planned for October.
	Iwi engagement	Pre lodgement consultation undertaken for 100% of resource consent applications	Q4. Two meetings with Port Nicholson Block Settlement Trust (PNBST) Chairperson occurred in April, and ongoing engagement planned including a port tour. FY20. Engagement with mana whenua iwi leadership, particularly regarding port regeneration and major projects. Engagement on resource consent applications is ongoing.
	Transparency	Performance against targets reported in Annual Report	Port regeneration planning includes environmental performance and will be included in company reporting and communications.
Develop a culture of awareness and responsibility	Board sub-committee (Health Safety and Environment) meeting frequency	At least four per annum	Q4. Meeting held in May 2020. FY20. 4 HSE sub-committee meetings held.
	Internal "sustainability subcommittee" meeting frequency	Monthly	Q4. Monthly HSE rep meetings held. FY20. Internal engagement on environmental issues is ongoing and is a key cultural element of port regeneration.

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

## CentrePort Limited Social performance targets

Objective	Performance measure	Performance target FY20	Q4 & FY20
Being a respected and responsible employer	Conduct annual staff engagement survey and follow up actions.	Engagement survey conducted.	The CEO has held regular meetings with a range of stakeholders including central/local government representatives, customers.
Building awareness of the value and contribution of CentrePort's activities to the regional economy.	Targeted engagement with key stakeholders directly and via channels.	Face to face meetings with key stakeholders/influencers	Stakeholder updates provided via direct email, LinkedIn, website.
		Quarterly stakeholder update published	Stakeholder updates provided via direct email, LinkedIn, website.
Participating in and encouraging selected community activities.	Community engagement strategy and policy developed to guide appropriate and effective investment in community activities.	Community engagement strategy and policy completed, adopted and implemented.	Community/commercial events supported via sponsorship
Consulting employees, stakeholders and the community, as appropriate.	Engage stakeholders / community on Regeneration Plan.	Regeneration Plan engagement plan finalised and implemented.	Stakeholder engagement on individual Medium Term Operating Plan projects. Wider, longer term Regeneration engagement plan formed.

## CentrePort Limited 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.

## CentrePort Limited Regeneration Measures

Objective	Performance measure	Performance target FY20	Performance Outcome Q4 and FY20
Planning supports the appropriate regeneration and growth of the port	Planning completed on time and with input from key stakeholders	Port Regeneration Plan updated	<p>Q4. Further development of Portfolio Investment Plan, including response to specific questions from Shareholder(s). In addition to the above the following has been undertaken:</p> <ol style="list-style-type: none"> <li>1) Finalisation and approval of preferred spatial and operating plan report from Hamburg Port Consulting.</li> <li>2) Re engagement with KiwiRail and Greater Wellington representatives on potential for co located terminals located around Kings Wharf and the Inner Harbour.</li> <li>3) Continued resolution of matters related to the proposed Natural Resources Plan.</li> <li>4) Development and finalisation of draft Emission Reduction Plan.</li> <li>5) Development of draft business cases for engagement with Shareholder(s) on Container Berth Reinstatement, and Seaview Wharf.</li> <li>6) Finalisation of documentation and reports related to Ground Resilience Strategy.</li> </ol> <p>FY20. Completed all necessary Regeneration Planning works, including Portfolio Investment Plan, Operating and Spatial Plan, economic assessment. Engagement commenced with Shareholder(s).</p>
Infrastructure restoration and challenge	Demolition programme on target as contained in Medium Term Operating Plan	On target	<p>Q4. Demolition Programme delayed due to disruptions associated with COVID-19 Alert Level 3 and 4 lockdowns. Specific Updates:</p> <ol style="list-style-type: none"> <li>1) Former BNZ - hard demolition to be completed end of Q1 FY21. Progressing well since post COVID-19 resumption.</li> <li>2) CentrePort - House enabling works and hard demolition approved. Enabling works for hard demolition - to commence post CPL occupation of Shed 39 ground floor.</li> <li>3) Shed 53 Planning to resume once priority focus areas have been complete.</li> </ol> <p>FY20. Demolition Programme proceeding in accordance with programme / sequence. Delays attributed to COVID-19.</p>
	Natural hazard resilience programme developed	Commence works to Seaview Works and first ground resilience projects commenced	<p>The following represents and update on the Medium Term Operating Plan resilience works:</p> <ol style="list-style-type: none"> <li>1) Seaview Wharf - detailed business case developed for base case scope of work and ready for engagement with Shareholder(s). Progressing detailed engagement with industry and integration with their pipeline upgrade. Detailed design commenced on base case scope.</li> <li>2) Aotea Quay - operational renewals on going. Ground resilience works to progress in FY21 due to space constraints affecting operations due to other priority regeneration works.</li> <li>3) Container Services Bomb Carts - in manufacture and delayed due to COVID-19 affects in Europe.</li> <li>4) Container Berth - ground resilience works commenced behind non-secured sections of TCW2 in June 2020. Business case awaiting submission to Shareholder(s) following engagement on Portfolio Investment Strategy.</li> <li>5) Sub Station B Switchboard - progressing.</li> <li>6) RFT2 and RFT3 Gangway Works - seismic improvement works completed in June 2020 ready for KiwiRail re occupation (RFT2 only). Seismic assessments completed on all structures.</li> </ol>

<b>Objective</b>	<b>Performance measure</b>	<b>Performance target FY20</b>	<b>Performance Outcome Q4 and FY20</b>
<i>Infrastructure restoration and challenge continued</i>	Restoration of buildings on target as contained in Medium Term Operating Plan	On target	Q4. Fitout of Shed 39 delayed due to COVID-19 lockdown, and now likely to be complete in late July 2020, which will allow commencement of transition of CentrePort Limited staff from CentrePort House and Pipitea Village. No feedback to date from KiwiRail on Interislander Arrivals Building. Seismic Improvement Works complete in late June 2020 on RFT2 Gangway to remove Earthquake Prone Status.  FY20. Restoration of Buildings on track but various delays as a result of COVID-19.
	Traffic and pedestrian management solutions on target as contained in Medium Term Operating Plan	Medium Term solutions commenced	Q4. Realignment of main port entrance / exit via Hinemoa Street works ongoing. Completion of first phase of works likely in August 2020 which will enable realignment of Bluebridge discharge and then demolition of CentrePort Limited House.  FY20. On target but delayed as a result of COVID-19 impact.

# He tauākī pūtea Financial Statements



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# He tauākī pūtea

## Financial Statements

	<b>Pages</b>
He tauākī whakamahuki Whiwhinga me Utu   Statement of comprehensive revenue and expense	88
He tauākī Ahumoni   Statement of Financial Position	89
He tauākī whakamārama Moni Taurite   Statements of changes in equity	90
He tauākī Kapewhiti   Statement of Cash flow	91
He tauākī Pūtea Kawekawe   Funding Impact Statement	92
He Pūtea Penapena   Financial Reserves	93
Ko te Moni Tārewa   Debt	95

**He tauākī whakamahuki Whiwhinga me Utu | Statement of Comprehensive Revenue and Expense**

For the year ended 30 June 2020

	Note	Council		Group		
		Actual 2020 \$000s	Budget 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
<b>Operating revenue</b>						
Rates and levies	3	173,640	174,471	164,741	173,640	164,741
Transport operational grants and subsidies	3	150,204	80,759	85,122	150,204	85,122
Transport Improvement grants and subsidies	3	8,586	22,371	11,423	8,586	11,423
Other revenue	3	107,304	130,916	127,355	198,650	212,526
		439,734	408,517	388,641	531,080	473,812
Other gains/(losses) net		(2,707)	-	(2,915)	(2,707)	(5,252)
<b>Total operating revenue and gains</b>		<b>437,027</b>	<b>408,517</b>	<b>385,726</b>	<b>528,373</b>	<b>468,560</b>
<b>Operating expenditure</b>						
Employee benefits	4	(55,884)	(52,263)	(48,556)	(86,088)	(75,773)
Grants and subsidies		(206,189)	(203,883)	(196,247)	(193,524)	(185,050)
Depreciation and amortisation	5	(28,431)	(28,574)	(25,267)	(56,826)	(51,131)
Finance expenses		(22,369)	(24,382)	(23,341)	(22,388)	(23,391)
Other operating expenses	6	(123,035)	(86,700)	(93,479)	(191,544)	(154,264)
Transport improvement expenditure		(2,098)	-	(1,826)	(2,098)	(1,826)
<b>Total operating expenditure</b>		<b>(438,006)</b>	<b>(395,802)</b>	<b>(388,716)</b>	<b>(552,468)</b>	<b>(491,435)</b>
<b>Operating surplus/(deficit) before other items and tax</b>		<b>(979)</b>	<b>12,715</b>	<b>(2,990)</b>	<b>(24,095)</b>	<b>(22,875)</b>
Share of associate's surplus/(deficit)		-	-	-	14	10,311
<b>Earthquake related items:</b>						
Insurance deductible expenses	8	-	-	-	(3,456)	(24,220)
Impairment of assets	8	-	-	-	(818)	(3,271)
Earthquake costs	8	-	-	-	(975)	(2,174)
Net insurance recovery associates	8	-	-	-	172,500	90,382
<b>Other fair value changes</b>						
Gain/(loss) on financial instruments	7	(17,711)	8,800	(25,725)	(17,711)	(25,725)
Fair value gain/(loss) on investment property	7, 20	-	-	-	747	1,021
<b>Total fair value movements and earthquake related items</b>		<b>(17,711)</b>	<b>8,800</b>	<b>(25,725)</b>	<b>150,287</b>	<b>36,013</b>
<b>Surplus/(deficit) before tax</b>		<b>(18,690)</b>	<b>21,515</b>	<b>(28,715)</b>	<b>126,206</b>	<b>23,449</b>
Tax (expense)/benefit	9	-	-	-	(2,185)	1,818
Surplus from continuing operations		(18,690)	21,515	(28,715)	124,021	25,267
<b>Operating surplus/(deficit) after tax</b>		<b>(18,690)</b>	<b>21,515</b>	<b>(28,715)</b>	<b>124,021</b>	<b>25,267</b>
<b>Other comprehensive revenue and expenses</b>						
Share of associates' other comprehensive income		-	-	-	-	-
Revaluation gain/(loss) on infrastructure assets after tax	17	27,229	-	8,056	26,030	68,318
Deferred tax recognised in reserves		-	-	-	-	(16,874)
Increases/(decreases) in valuations of other financial assets		3,720	-	4,126	3,720	4,126
<b>Total other comprehensive income</b>		<b>30,949</b>	<b>-</b>	<b>12,182</b>	<b>29,750</b>	<b>55,570</b>
<b>Total comprehensive income</b>		<b>12,259</b>	<b>21,515</b>	<b>(16,533)</b>	<b>153,771</b>	<b>80,837</b>
<b>Surplus is attributable to:</b>						
Equity holders of the Parent		12,259	21,515	(16,533)	117,483	63,989
Non-controlling interest		-	-	-	36,288	16,848
		<b>12,259</b>	<b>21,515</b>	<b>(16,533)</b>	<b>153,771</b>	<b>80,837</b>

## He tauākī Ahumoni | Statement of Financial Position

As at 30 June 2020

	Note	Council			Group	
		Actual 2020 \$000s	Budget 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	11	9,338	26,254	16,857	259,392	108,585
Trade and other receivables	12	89,711	25,651	38,452	106,069	49,498
Other financial assets	14	83,114	33,488	79,382	83,114	79,382
Inventories	13	3,134	-	3,058	5,860	4,898
Other current assets	8	-	-	-	-	50,000
<b>Total current assets</b>		<b>185,297</b>	<b>85,393</b>	<b>137,749</b>	<b>454,435</b>	<b>292,363</b>
<b>Non-current assets</b>						
Other financial assets	14	69,723	103,890	69,557	25,723	25,557
Property, plant and equipment	17	1,251,469	1,288,017	1,217,791	1,861,478	1,813,479
Intangible assets	18	12,710	-	10,419	16,173	13,513
Investment in subsidiaries	21	286,295	295,632	269,295	-	-
Investment properties	20	-	-	-	59,903	54,904
Derivatives	22	1,293	-	1,056	1,293	1,056
Investments accounted for under the equity method		-	-	-	592	578
Deferred tax assets	10	-	-	-	27,662	24,919
Investments in joint ventures	15	-	-	-	-	(190)
<b>Total non current assets</b>		<b>1,621,490</b>	<b>1,687,539</b>	<b>1,568,118</b>	<b>1,992,824</b>	<b>1,933,816</b>
<b>Total assets</b>		<b>1,806,787</b>	<b>1,772,932</b>	<b>1,705,867</b>	<b>2,447,259</b>	<b>2,226,179</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Derivatives	22	871	-	1,247	871	1,247
Trade and other payables	23	65,882	43,281	47,171	74,009	59,069
Interest bearing liabilities	24	119,655	126,800	64,713	99,929	64,713
Employee benefits liabilities and provisions	25	4,700	-	3,324	10,208	7,019
Income tax payable		-	-	-	526	2,821
<b>Total current liabilities</b>		<b>191,108</b>	<b>170,081</b>	<b>116,455</b>	<b>185,543</b>	<b>134,869</b>
<b>Non-current liabilities</b>						
Interest bearing liabilities	24	400,000	441,343	402,800	400,000	402,800
Derivatives	22	84,496	-	66,173	84,496	66,173
Deferred tax liabilities	10	-	-	-	129,052	125,347
Employee benefits liabilities and provisions	25	152	-	137	509	419
Service concession liability	17	27,893	-	29,425	27,893	29,425
<b>Total non-current liabilities</b>		<b>512,541</b>	<b>441,343</b>	<b>498,535</b>	<b>641,950</b>	<b>624,164</b>
<b>Total liabilities</b>		<b>703,649</b>	<b>611,424</b>	<b>614,990</b>	<b>827,493</b>	<b>759,033</b>
<b>Net assets</b>		<b>1,103,138</b>	<b>1,161,508</b>	<b>1,090,877</b>	<b>1,619,766</b>	<b>1,467,146</b>
<b>Equity</b>						
Retained earnings		283,071	393,183	302,966	653,591	565,718
Other reserves		820,067	768,325	787,911	861,006	831,394
Minority interest		-	-	-	105,169	70,034
<b>Total equity</b>		<b>1,103,138</b>	<b>1,161,508</b>	<b>1,090,877</b>	<b>1,619,766</b>	<b>1,467,146</b>



**Daran Ponter**  
Chair  
17 December 2020



**Greg Campbell**  
Chief Executive  
17 December 2020



**Alison Trustrum Rainey**  
Chief Financial Officer  
17 December 2020

**He tauāki whakamārama Moni Taurite | Statement of Changes in Equity**

For the year ended 30 June 2020

	Council			Group	
	Note	Actual 2020 \$000s	Budget 2020 \$000s	Actual 2019 \$000s	Actual 2019 \$000s
<b>Opening equity</b>		<b>1,090,879</b>	<b>1,139,993</b>	<b>1,107,412</b>	<b>1,387,241</b>
Operating surplus /(deficit) after tax		(18,690)	21,515	(28,715)	25,267
Dividend to Non-controlling interest		-	-	-	(924)
Asset revaluation movements		27,229	-	8,056	51,444
Revaluation movement of other financial assets		3,720	-	4,126	4,126
<b>Total closing equity at 30 June</b>		<b>1,103,138</b>	<b>1,161,508</b>	<b>1,090,879</b>	<b>1,467,146</b>
<b>Components of equity</b>					
<b>Non controlling interest</b>					
Opening non controlling interest		-	-	-	54,110
Share of operating surplus/(deficit)		-	-	-	16,848
Share of reserves movements		-	-	-	-
Dividends paid		-	-	-	(924)
<b>Non controlling interest at end of year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>70,034</b>
<b>Asset revaluation reserves</b>					
Opening asset revaluation reserves		748,860	740,141	738,940	722,129
Increase (Decrease) in Asset Revaluation Reserves		27,229	-	8,056	68,318
Deferred Tax on other comprehensive revenue		-	-	-	(16,874)
Share of non controlling interest		-	-	-	277
Transfers from/(to) accumulated funds		(23)	-	1,864	1,864
<b>Closing asset revaluation reserve</b>		<b>776,066</b>	<b>740,141</b>	<b>748,860</b>	<b>775,437</b>
<b>Fair value reserve</b>					
Opening fair value reserve		5,267	-	1,141	1,141
Current year movement		3,720	-	4,126	4,126
<b>Closing fair value reserve</b>		<b>8,987</b>	<b>-</b>	<b>5,267</b>	<b>5,267</b>
<b>Other reserves</b>					
Opening other reserves		34,927	35,628	36,395	36,350
Transfers to accumulated funds		6,462	(7,444)	4,693	4,693
Transfers from accumulated funds		(7,685)	-	(7,209)	(7,209)
Interest earned		835	-	1,048	1,045
<b>Closing other reserves</b>		<b>34,539</b>	<b>28,184</b>	<b>34,927</b>	<b>34,879</b>
<b>Retained earnings</b>					
Opening accumulated funds		301,825	364,224	330,936	573,514
Operating surplus/(deficit) after tax		(18,690)	21,515	(28,715)	25,267
Interest allocated to reserves		(835)	-	(1,048)	(1,048)
Other transfers to reserves		(6,462)	-	(4,693)	(4,693)
Transfers from reserves		7,685	7,444	7,209	7,209
Share of non controlling interest		-	-	-	(16,853)
Other transfers from/(to) reserves		23	-	(1,864)	23
<b>Closing accumulated funds</b>		<b>283,546</b>	<b>393,183</b>	<b>301,825</b>	<b>581,532</b>
<b>Total closing equity at 30 June</b>		<b>1,103,138</b>	<b>1,161,508</b>	<b>1,090,879</b>	<b>1,467,146</b>

The accompanying notes form an integrated part of these financial statements.

## He tauākī Kapewhiti | Statement of Cash-Flow

For the year ended 30 June 2020

	Note	Council			Group	
		Actual 2020 \$000s	Budget 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
<b>Cash-flows from operating activities</b>						
Receipts from customers		-	-	-	83,300	83,751
Rates revenue received		136,855	139,683	133,614	136,855	133,614
Water supply levy received		34,788	34,788	33,069	34,788	33,069
Government subsidies received		112,249	103,130	95,495	112,249	95,494
Interest received		4,568	5,874	4,908	7,400	5,547
Dividends received		2,886	-	1,973	86	173
Rent income		-	-	-	6,439	6,390
Fees, charges and other revenue		96,459	125,042	120,173	111,502	119,339
Payments to suppliers and employees		(157,283)	-	(139,718)	(258,469)	(231,374)
Payment of grants and subsidies		(208,287)	(342,845)	(196,248)	(195,333)	(160,427)
Interest paid		(23,472)	(24,382)	(23,157)	(23,443)	(24,410)
Income tax paid / (refund)		-	-	-	(3,518)	(1,089)
Business loss of rents	8	-	-	-	(5,843)	6,622
Business Interruption Temporary works	8	-	-	-	-	(22,740)
<b>Net cash from (used in) operating activities</b>	<b>26</b>	<b>(1,237)</b>	<b>41,290</b>	<b>30,109</b>	<b>6,013</b>	<b>43,959</b>
<b>Cash-flows from investing activities</b>						
Receipts from sale of property, plant, and equipment		2,004	669	207	2,004	666
Earthquake insurance payments received		-	-	-	206,998	68,808
Sale of investments (bonds & term deposits)		-	-	22	-	22
Cash balance from acquired joint venture		-	-	-	-	47,944
		2,004	669	229	209,002	117,440
Purchase of property, plant and equipment		(38,723)	(81,250)	(41,493)	(85,380)	(62,785)
Purchase of intangible assets		(30)	-	(106)	(30)	(2,743)
Development of investment properties		-	-	-	(5,239)	-
Acquisition of investments		(21,675)	(20,590)	(65,081)	(4,675)	(8,381)
Earthquake capital expenditure		-	-	-	-	(8,263)
Other transfer		-	-	-	(147)	885
<b>Net cash flow from investing activities</b>		<b>(58,424)</b>	<b>(101,171)</b>	<b>(106,451)</b>	<b>113,531</b>	<b>36,153</b>
<b>Cash flows from financing activities</b>						
Loan funding		52,142	87,433	87,891	32,417	87,891
Debt repayment		-	(23,336)	-	-	(62,080)
Dividends paid to non controlling interests		-	-	-	(1,154)	(923)
<b>Net cash from financing activities</b>		<b>52,142</b>	<b>64,097</b>	<b>87,891</b>	<b>31,263</b>	<b>24,888</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(7,519)</b>	<b>4,216</b>	<b>11,549</b>	<b>150,807</b>	<b>105,000</b>
<b>Cash and cash equivalents at the beginning of year</b>		<b>16,857</b>	<b>22,038</b>	<b>5,308</b>	<b>108,585</b>	<b>3,585</b>
<b>Cash, cash equivalents, and bank overdrafts at the end of the year</b>	<b>11</b>	<b>9,338</b>	<b>26,254</b>	<b>16,857</b>	<b>259,392</b>	<b>108,585</b>

The accompanying notes form an integrated part of these financial statements.

**He tauākī Pūtea Kawekawe | Funding Impact Statement**

For the year ended 30 June 2020

	Council			
	Actual 2020 \$000s	Budget 2020 \$000s	Actual 2019 \$000s	Budget 2019 \$000s
<b>Sources of operating funding</b>				
General rate	52,711	52,132	47,510	47,283
Targeted rates	86,140	87,923	84,163	84,828
Subsidies and grants for operating purposes	150,204	76,464	85,122	81,274
Interest and dividends from investments	7,202	5,006	7,307	4,282
Fees and charges	75,023	104,544	97,385	100,931
Fines, infringement fees, and other receipts <sup>1</sup>	59,865	52,807	55,632	51,037
<b>Total operating funding</b>	<b>431,145</b>	<b>378,876</b>	<b>377,119</b>	<b>369,635</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	(386,708)	(327,259)	(340,108)	(332,591)
Finance costs	(22,369)	(23,712)	(23,288)	(22,528)
<b>Total applications of operating funding</b>	<b>(409,077)</b>	<b>(350,971)</b>	<b>(363,396)</b>	<b>(355,119)</b>
<b>Surplus/(deficit) of operating funding</b>	<b>22,068</b>	<b>27,905</b>	<b>13,723</b>	<b>14,516</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	8,586	30,048	11,423	24,439
Increase/(decrease) in debt	18,624	47,763	113,319	88,064
Gross proceeds from asset sales	1,944	426	107	1,214
<b>Total sources of capital funding</b>	<b>29,154</b>	<b>78,237</b>	<b>124,849</b>	<b>113,717</b>
<b>Applications of capital funding</b>				
- to meet additional demand	(4,136)	(1,533)	(2,404)	(4,267)
- to improve the level of service	(19,224)	(61,525)	(23,595)	(36,151)
- to replace existing assets	(15,393)	(21,315)	(45,917)	(57,604)
Increase/(decrease) in investments	(12,858)	(24,343)	(68,125)	(34,098)
Increase/(decrease) in reserves	389	2,574	1,469	3,887
<b>Total applications of capital funding</b>	<b>(51,222)</b>	<b>(106,142)</b>	<b>(138,572)</b>	<b>(128,233)</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(22,068)</b>	<b>(27,905)</b>	<b>(13,723)</b>	<b>(14,516)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation on council assets	28,431	30,239	25,267	26,434
Water supply levy	34,788	34,230	33,069	33,069

<sup>1</sup> This includes the water supply levy charged to Wellington, Upper Hutt, Hutt and Porirua city councils.

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 2018-28 Long Term Plan.

All figures on this page exclude GST.

30 June 2020

**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

<b>Council created reserves</b>	<b>Purpose of the fund</b>	<b>Opening balance Jul19 \$000s</b>	<b>Deposits \$000s</b>	<b>Withdrawals \$000s</b>	<b>Closing balance Jun20 \$000s</b>
<b>Area of benefit reserves</b>					
Regional parks reserve	Any funding surplus or deficit relating to the provision of regional parks is used only on subsequent regional parks expenditure.	54	2	-	56
Public transport reserve	Any funding surplus or deficit relating to the provision of public transport services is used only on subsequent public transport expenditure.	12,774	321	(2,841)	10,254
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.	991	29	-	1,020
WRS reserve	Any funding surplus or deficit relating to the Wellington Regional Strategy implementation is used only on subsequent Wellington Regional Strategy expenditure.	978	-	(338)	640
Iwi reserve	Any funding surplus or deficit relating to the provision of iwi project fund is used only on subsequent iwi project funding expenditure	365	11	-	376
WREMO reserve	Contributions by other local authorities to run the WREMO.	24	110	-	134
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.	8,088	881	(646)	8,323
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.	2,742	1,246	(806)	3,182
<b>Contingency reserves</b>					
Environmental legal reserve	To manage the variation in legal costs associated with resource consents and enforcement	239	7	-	246
Flood contingency reserves	To help manage the costs for the repair of storm damage throughout the region.	2,818	286	-	3,104
Rural fire reserve	To help manage the costs of rural fire equipment.	76	2	-	78
<b>Special reserves</b>					
Election reserve	To manage the variation in costs associated with the election cycle	316	58	(101)	273
Corporate systems reserve	To manage the variation in costs associated with key IT infrastructure and software	1,524	446	-	1,970
Long Term Plan reserve	To manage variation in costs associated with Long Term Plan process	423	175	-	598
Masterton Building Reserve	To manage future fitout cost of the new Masterton Building.	-	493	-	493
Wellington Analytics Reserve	Contribution by other local authorities for set up costs.	-	117	-	117
<b>Re-budget reserve</b>					
Re-budgeted reserve	Expenditure that has been rated for in 2019/20 when the project will not be completed until 2020/21.	2,953	3,096	(2,953)	3,096
Earthquake proceeds reserve	To manage future repair and maintenance due to the Kaikoura earthquake	562	17	-	579
		<b>34,926</b>	<b>7,297</b>	<b>(7,685)</b>	<b>34,538</b>

All figures on this page exclude GST.



## Ko te Moni Tārewa | Debt

As at 30 June 2020

Debt position	Opening balance 2019 \$000s	Additions \$000s	Repayments \$000s	Closing balance 2020 \$000s	Finance costs \$000s
<b>Regional leadership</b>					
Strategic planning	168	3,272	(130)	3,310	64
Wairarapa water use project	3,457	-	-	3,457	171
Warm Wellington	9,725	897	(2,715)	7,907	472
<b>Public transport</b>					
Public transport	237,892	12,960	(11,458)	239,394	13,224
<b>Water supply</b>					
Water supply	90,934	13,099	(4,149)	99,884	4,789
<b>Environment</b>					
Environment	4,986	1,569	(464)	6,091	262
<b>Flood protection and control works</b>					
Flood protection and control works	102,657	10,055	(4,804)	107,908	5,275
<b>Parks</b>					
Parks	8,979	1,346	(770)	9,555	466
<b>Investments</b>					
Stadium	-	-	-	-	-
Property and other	34,910	10,407	(4,153)	41,164	1,926
	<b>493,708</b>	<b>53,605</b>	<b>(28,643)</b>	<b>518,670</b>	<b>26,649</b>
					<b>Council Actual 2020 \$000s</b>
Total activities debt					518,670
Treasury internal funding <sup>1</sup>					985
					<b>519,655</b>
External debt (current)					119,655
External debt (non-current)					400,000
					<b>519,655</b>

<sup>1</sup> 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.

# He whakamārama mō ngā Tauākī Pūtea

## Notes to the Financial Statements

	<b>Pages</b>
1 Reporting entity	97
2 Accounting policies	98
3 Revenue from exchange and non-exchange transactions	108
4 Employee benefits	108
5 Depreciation and amortisation	109
6 Other operating expenditure	109
7 Fair value movements	110
8 Earthquake Related Costs	110
9 Taxation	112
10 Deferred tax	113
11 Cash and cash equivalents	114
12 Trade and other receivables	114
13 Inventories	115
14 Other financial assets	115
15 Aggregated joint venture information	117
16 Redemption of mandatory convertible notes	117
17 Property, plant and equipment	119
18 Intangible assets	126
19 Insurance coverage, asset values and contingency funds	128
20 Investment properties	128
21 Investments in subsidiaries and associates	131
22 Derivative financial instruments	131
23 Trade and other payables	132
24 Debt	132
25 Employee entitlements and provisions	133
26 Reconciliation of operating surplus/(deficit) with cashflow from operating activities	134
27 Financial instruments	135
28 Contingencies	146
29 Related party transactions	146
30 Remuneration	147
31 Capital commitments and operating leases	149
32 Severance payments	150
33 Rating base information	150
34 Major variances between actual and budget	150
35 Compliance with the Holidays Act 2003	152
36 Events occurring after the balance date	152

# 1 Reporting entity

## 1.1 Reporting entity

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

Greater Wellington provides bulk 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 Greater Wellington has designated itself and the Group as public benefit entities (PBEs) and applies New Zealand Tier 1 Public Sector Public Benefit Entity accounting standards (PBE Accounting Standards).

The financial statements of Greater Wellington are for the year ended 30 June 2020. The financial statements were authorised for issue by Greater Wellington on 17 December 2020.

### 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, and in any future periods affected.

### (i) Property, Plant and Equipment and Investment Property

Operational Port Land was independently valued by Colliers International, a registered valuer, on 30 June 2020.

Council 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 Port development 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.

### (ii) Capital Work in Progress

This includes capital projects requiring resource consent to proceed. 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 has 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 CentrePort. The SPVs have issued Mandatory Convertible Notes (MCNs) to the Accident Compensation Corporation (ACC) which provided ACC with joint control over the SPVs. During the year ended 30 June 2019, the Group redeemed the Mandatory Convertible Notes (MCNs) issued by the SPVs to ACC, and as a result the Group obtained full control of the SPVs from 31 May 2019.

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 27 (e).

### (iv) Revenue recognition relating to insurance revenue from the port insurance claim

See note 8 for details

### (v) Earthquake uncertainties in the accounting for Harbour Quays Special Purpose Vehicles (SPVs)

See Note 15 for details

### (vi) Income tax calculations

See Note 9 for details.

## 2 Accounting policies

### 2.1 Basis of preparation

#### Statement of compliance

The financial statements of Greater Wellington and the Group have been prepared in accordance with the requirements of the Local Government Act 2002, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

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

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.

### 2.2 COVID-19 Pandemic Impact

On 11 March 2020 the World Health Organisation declared a global pandemic as a result of the outbreak and spread of COVID-19. On 21 March 2020, Prime Minister Jacinda Ardern introduced a country wide Alert Level system to deal with the coronavirus outbreak. There are four Alert Levels, with Level 1 being the least risk of infection and 4 the highest. On Wednesday 25 March 2020 the New Zealand Government raised its Alert Level to 4 which is a full lockdown of non-essential services. The country moved down to Alert Level 3 on 28 April 2020.

The impact of Council activities was as follows:

- Public Transport patronage decreased significantly, with reduced passenger boarding compared to what was expected pre COVID-19. Metlink bus and train services continued to run based on reduced weekend timetables across the region and as part of the national response to COVID-19 Alert Level 4, these were free until 31 May 2020. However Greater Wellington secured funding from Waka Kotahi/NZ Transport Agency to cover lost revenue during lockdown and the decreased in patronage levels – refer to Note 34
- Consents revenue was reduced as clients were subject to lockdown restrictions.

CentrePort experienced lower overall ship calls during the lockdown. CentrePort's main activities were impacted as follows:

- Containers continued to move throughout the lockdown period, with volumes slightly lower due to the pandemic.
- The cruise season finished 18 March 2020, with 8 cruise visits cancelled due to the lockdown.
- Log exports were classified as a non-essential cargo during Alert Level 4. Volumes were significantly impacted until restrictions were lifted when the country moved to Alert Level 3.
- Petroleum imports significantly reduced during and after the lockdown due to low demand and high stock levels.

Greater Wellington Rail is classified as an essential service provider and continued to operate during this period. As the entity's operations are not customer facing the impact of the lockdown was limited. There were also no variations to leasing agreements with third parties.

#### COVID-19 Provisions

##### *Impairment of debtor balances*

Greater Wellington and the Group's bad debts have historically been very low. However, within CentrePort invoices relating to the 2019/20 cruise season remain outstanding. The cruise industry is facing significant challenges with border closures and uncertainty on the timing of reopening of borders. The recovery of the outstanding balances is less certain with the cruise industry significantly impacted by the COVID-19 pandemic.

CentrePort has provided for impairment of debtor balances as a result of the COVID-19 pandemic. CentrePort's assessment is based on objective evidence regarding the recoverability of outstanding debtor balances at balance date.

##### *Redundancy Provision*

CentrePort needs to ensure the continuation of a flexible, sustainable business, operating efficiently and safely while maintaining quality service levels to our customers. To achieve this, management is undergoing a change process.

As a result, certain redundancies were announced before balance date and provided for as appropriate.

**CentrePort Material Valuation Uncertainty**

The Group's accounting policy is to revalue CentrePort's operational port land every three to five years. The land was last revalued at 30 June 2017. Colliers International has valued operational port land as at 30 June 2020. Investment Property is revalued each year, and Colliers International has valued all investment properties as at 30 June 2020.

Market activity is being impacted in almost every sector and there has been a reduction in liquidity across many investment markets. In terms of the property markets it is difficult at the current time to determine if this is a short term liquidity issue or a longer term concern. The illiquidity in some property markets means there will be a time delay in establishing a sufficient body of transactional evidence to demonstrate actual pricing, of some property types and locations, and therefore what the adjustment from pre-pandemic values is with certainty.

Valuations are therefore based on material uncertainty. Consequently, a higher degree of caution should be attached to the valuations than would normally be the case. This does not reduce the accuracy or suitability of the valuations at balance date.

This valuation uncertainty is in addition to the material valuation uncertainty as to the final operational port land resilience costs

The impact of COVID-19 on the Group's balance sheet is set out below:

<b>Balance Sheet Item</b>	<b>COVID-19 Assessment</b>	<b>Note</b>
Cash and Cash Equivalents	No impact to the carrying value of cash on hand.	11
Trade and Other Receivables	Greater Wellington has reviewed the collectability of debtor balances outstanding and concluded that no additional impairment provision is necessary. CentrePort has updated the provision for the credit losses. As at 30 June 2020 the group has provided for impairment of debtor balances of \$100k.	12
Inventories	No impact.	
Property, Plant and Equipment, and Investment Properties	Greater Wellington's assets are subject to revaluations based on three to five year cycles. In the current year the Flood Protection assets were subject to revaluation. The valuers engaged have provided representations which Greater Wellington has accepted, that no objective evidence exists that suggests that the values arrived at would be impacted by the COVID-19 lockdown. Greater Wellington is satisfied that the revalued amounts fair approximate their fair values. Greater Wellington has also conducted an assessment of assets carried at revalued cost that are out of their revaluation cycles. The assessments involved reviewing the values against market indices and other specific inherent factors. Management has concluded that no evidence exists that suggests that the carrying amounts materially differ from their fair values due to the impact of the COVID-19 lockdown. CentrePort's land and investment properties are held at fair value. With lower property transactions post lockdown to assess the impact of COVID-19 material valuation uncertainty is present in the valuations. However, CentrePort does not expect any significant change in the medium to long term values. The plant and equipment is held at cost less accumulated depreciation. CentrePort has not identified indicators that there has been a decline in the value of plant and equipment due to COVID-19 as the assets remain critical to providing essential services.	17, 20
Intangible Assets	Greater Wellington's and the Group's intangible assets have been tested for impairment as required under PBE IPSAS 26. A fair value less costs of disposal approach has been used to estimate an Enterprise value for CentrePort's single cash generating unit. The impairment analysis supports the \$2.7m carrying value of goodwill. No objective evidence has been identified that would indicate that the value of intangible assets may be impaired.	18
Provision for Employee Entitlements	CentrePort has accrued for restructuring costs as a result of a staffing review and change process.	25
Tax Liabilities	The reintroduction of tax depreciation on commercial buildings as part of the Government's COVID-19 measures provides a deferred tax benefit.	
Derivative financial instruments	Greater Wellington enters into derivative contracts to manage the risk on external debt. These instruments are impacted by interest rate movements. In response to the negative economic implications of the COVID-19 virus the Reserve Bank reduced the Official Cash rate (OCR) by 75 basis points. This resulted in the increase in the fair values of derivative liabilities. The impact is shown in the relevant note to the financial statements	7

## 2.3 Significant event – Kaikōura earthquake 14 November 2016

A 7.8 magnitude earthquake struck Kaikōura on 14 November 2016. The earthquake significantly damaged CentrePort (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 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.

During the period ended 30 June 2020, CentrePort Limited and CentrePort Properties reached a full and final settlement on the respective insurance claims. All insurance proceeds have been received by the entities and are further explained in Note 8.

## 2.4 Basis of consolidation

The consolidated financial statements include Greater Wellington 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 (Horizons) Regional Council's 23.1 percent share of CentrePort Limited. Greater Wellington'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. Greater Wellington'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 statement of financial position 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 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) to 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.

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) to its carrying amount. Any accumulated 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.

## 2.5 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

Greater Wellington receives government grants from the Waka Kotahi/NZ Transport Agency. These grants subsidise part of Greater Wellington's costs for the following – the provision of public transport subsidies to external transport operators, the capital purchases of rail rolling stock within a Greater Wellington subsidiary and transport network upgrades owned by KiwiRail. The grants and subsidies 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.

## 2.6 Borrowing costs

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

## 2.7 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 is categorised into the following classes:

- Operational land and buildings
- Operational plant and equipment
- Operational vehicles
- Flood protection infrastructural assets
- Parks and forests infrastructural assets
- Capital work in progress
- Port wharves and paving
- Navigational aids
- Transport infrastructural assets

- Water supply infrastructural assets
- Right of use assets.

All property, plant and equipment is 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 Greater Wellington 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 surplus or deficit, in which case the increase is credited to the surplus or deficit to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is charged to other comprehensive 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 2020 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 WSP International Consultants.

He concluded that the 2020 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 2020 by Martin Veale ANZIV, SPINZ, and 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 2020. 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**

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, and 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 PBE IPSAS 17 Property Plant and Equipment.

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 PBE IPSAS 17 Property Plant and Equipment.

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

Operational Port Land is stated at fair value at the date of revaluation less any subsequent impairment losses. Fair value is determined by reference to the highest and best use of land as determined by the independent valuer.

Operational Port Land was last independently valued by Bayleys, a registered valuer, on 30 June 2020.

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 surplus or deficit, in which case the increase is credited to the surplus or deficit to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is charged to the surplus or deficit to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation.

At 30 June 2011 the Group purchased the Metropolitan rail assets from KiwiRail, which is owned by the New Zealand Government.

The consideration for these assets, which include stations, 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 2019.

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 surplus or deficit, then it is recognised in the surplus or deficit. A decrease in the value on revaluation is recognised in the surplus or deficit where it exceeds the increase of that asset previously recognised in the asset revaluation reserve.

Property, Plant and Equipment is recorded at cost less accumulated depreciation and impairment. Cost represents the value of the consideration 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 is depreciated, excluding land.

### **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.

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 Greater Wellington and the 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 to 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 40 years
Operational vehicles	2 to 37 years
Flood protection infrastructural assets	2 years to indefinite
Transport infrastructural assets	3 to 50 years
Rail rolling stock	5 to 35 years
Navigational aids infrastructural assets	1 to 80 years
Parks and forests infrastructural assets	2 to 155 years
Regional water supply infrastructural assets	3 to 156 years
Right to use	20 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 has a finite useful life is 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.

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

#### *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.

## 2.8 Intangible 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.

## New Zealand Emissions Trading Scheme

New Zealand Units (NZUs) received for pre-1990 forests are recognised at fair value on the date received. They are recognised as an asset in the statement of financial position 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.

NZUs 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 NZUs to be surrendered to Government.

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

## 2.9 Investment properties

Investment property, 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 the statement of comprehensive income in the period in which they arise.

The Group has the following classes of Investment Property:

1. Developed investment properties
2. Land available for development

## 2.10 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  
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. Where the investment is determined to be impaired, the cumulative loss is reclassified from reserves to the surplus or deficit.
- 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 surplus or deficit.
- 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 surplus or deficit.

### 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 the 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 surplus or deficit.

Equity investment impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

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 surplus or deficit.

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.

**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 surplus or deficit, 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.

**2.11 New Zealand Local Government Funding Agency**

Greater Wellington Regional Council 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 & Poor's of AA+.

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

- Greater Wellington 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.

**2.12 Inventory**

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.

## 2.13 Income tax

### Recognition and measurement

Income tax expense includes components relating to current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

### 2.14. 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 surplus or deficit.

### 2.15 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. 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.

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred. Greater Wellington Regional Council 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.

### 2.16 Provisions

A provision is recognised in the statement of financial position 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.

### 2.17 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.

### 2.18 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 and 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.

## **2.19 Service concession asset and liability**

Greater Wellington (as guarantor) has entered into a service concession arrangement with Transit, NZ Bus, and Mana (the Operators) to provide bus services with double decker buses. These buses meet the definition of service concession asset and are initially recognised at fair value and subsequently measured in accordance with PBE IPSAS 32 Service concession arrangements. They are depreciated over a useful life of 30 years on a straight line basis. An initial financial liability is also recognised which is accounted for using the amortised cost model leading to finance expenses over 15 years.

## **2.20 Overhead allocation and internal transactions**

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

Individual significant activity operating revenue and operating expenditure are 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**

The following are the definitions used in the statement of cash-flow:

- a. Operating activities comprise the principal revenue producing activities of the Group and other activities that are not considered to be investing or financing activities.
- b. 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.
- c. 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.

## **2.23 Budget figures**

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

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

The following are the significant new or revised standards or interpretations in issue that are not yet required to be adopted by entities preparing financial statements for periods ending 30 June 2020.

### ***PBE IPSAS 40 PBE Combinations – effective 1 January 2021***

PBE IPSAS 40 provides guidance on accounting for acquisitions and amalgamations. The Standard requires a combination to be classified as either an acquisition or an amalgamation based on control and the economic substance of the combination.

### ***PBE IPSAS 41 Financial instruments – effective 1 January 2022***

PBE IPSAS 41 will replace both PBE IPSAS 29 and PBE IFRS 9. Simplifies the model for classifying and recognising financial instruments and aligns hedge accounting more closely with common risk management practices. Applies a single forward looking expected credit loss model that is applicable to all financial instruments subject to impairment testing.

Greater Wellington Regional Council has not yet completed the assessment of the above standards and the impact is not known.

### 3 Revenue from exchange and non-exchange transactions

	Council		Group		
	Actual 2020 \$000s	Budget 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
<b>Revenue from exchange transactions:</b>					
Water supply	34,788	34,788	33,069	34,788	33,069
Subsidiaries revenue	-	-	-	66,077	64,713
Dividends	2,886	2,132	1,973	86	173
Interest received	3,864	3,498	5,355	8,161	4,858
Rental income	4,410	4,425	4,392	29,118	27,136
<b>Total exchange</b>	<b>45,948</b>	<b>44,843</b>	<b>44,789</b>	<b>138,230</b>	<b>129,949</b>
<b>Revenue from non-exchange transactions:</b>					
General rates	52,711	52,851	47,510	52,711	47,510
Targeted rates	86,141	86,832	84,162	86,141	84,162
Rates, penalties, remissions & rebates	758	-	726	758	726
Grants & subsidies	150,204	80,759	85,122	150,204	85,122
Transport improvement grants	8,586	22,371	11,423	8,586	11,434
Provision of goods & services	95,386	120,861	114,909	94,450	114,909
<b>Total non-exchange</b>	<b>393,786</b>	<b>363,674</b>	<b>343,852</b>	<b>392,850</b>	<b>343,863</b>
<b>Total exchange and non-exchange</b>	<b>439,734</b>	<b>408,517</b>	<b>388,641</b>	<b>531,080</b>	<b>473,812</b>

### 4 Employee benefits

	Council		Group		
	Actual 2020 \$000s	Budget 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
<b>Employee benefits</b>					
Salaries, wages and other employee benefits	51,586	49,320	45,491	81,790	72,708
Defined contribution plan employer contributions	4,298	2,943	3,065	4,298	3,065
<b>Total personnel costs</b>	<b>55,884</b>	<b>52,263</b>	<b>48,556</b>	<b>86,088</b>	<b>75,773</b>

## 5 Depreciation and amortisation

	Council		Group	
	Actual 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
<b>Depreciation and amortisation on assets</b>				
Port wharves and paving	--	--	1,207	1,026
Land and buildings	650	597	1,939	942
Plant and equipment	2,157	1,559	7,231	6,928
Rail rolling stock	-	-	16,645	14,619
Motor vehicles	999	896	999	892
Flood protection	1,122	855	1,122	855
Water infrastructure	15,731	15,559	15,731	15,559
Transport infrastructure	3,041	1,219	7,225	5,561
Navigational aids	135	70	131	70
Parks and forests	2,182	2,035	2,182	2,035
Right to use	1,544	1,544	1,544	1,544
Amortisation – Computer software	870	933	870	1,100
<b>Total depreciation and amortisation on assets</b>	<b>28,431</b>	<b>25,267</b>	<b>56,826</b>	<b>51,131</b>

## 6 Other operating expenditure

	Council			Group	
	Actual 2020 \$000s	Budget 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
<b>Other operating expenses</b>					
Fees to Audit New Zealand for financial statement audits	229	226	240	229	284
Fees to Audit New Zealand for Long Term Plan audit	-	-	20	-	20
Fees to Audit New Zealand for other assurance services	-	-	138	-	138
Fees to Deloitte for CentrePort Group audit services	-	-	-	243	358
Impairment of trade receivables	(122)	-	(170)	(22)	(170)
Rates and insurance	3,312	2,746	2,097	13,384	11,403
Directors' fees	-	-	-	553	523
Subscriptions LGNZ	457	832	490	457	490
Operating lease rentals	2,664	3,808	2,639	3,981	3,066
Energy and utilities	3,542	2,918	3,118	3,542	3,118
Councillor fees and costs	1,304	1,157	1,592	1,304	1,592
Repairs and maintenance expenses	6,074	5,500	5,959	25,022	24,993
Materials and supplies	45,721	16,281	18,819	45,721	18,819
Contractors and consultants	52,667	47,501	53,775	52,750	53,944
Other operating expenses	7,187	5,731	4,762	44,380	35,686
<b>Total other expenditure</b>	<b>123,035</b>	<b>86,700</b>	<b>93,479</b>	<b>191,544</b>	<b>154,264</b>

## 7 Fair value movements

	Council		Group		
	Actual 2020 \$000s	Budget 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2020 \$000s
<b>Fair value movements in financial instruments</b>					
Stadium advance	-	36	(423)	-	(423)
Interest rate swaps	(17,711)	8,764	(25,302)	(17,711)	(25,302)
	(17,711)	8,800	(25,725)	(17,711)	(25,725)
<b>Fair value movements of investment properties</b>					
Investment properties	-	-	-	747	1,021
	(17,711)	8,800	(25,725)	(16,964)	(24,704)

## 8 Earthquake Related matters

### Kaikōura earthquake

A 7.8 magnitude earthquake struck in the early hours of 14 November 2016 in Kaikōura 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. Other Port services including logs, ferries, fuel, cruise and break bulk activities had substantially recovered immediately following the earthquake.

During the year seismic assessments revealed additional earthquake damage to one of the buildings on the Port. The damage was extensive and the building is no longer useable. The recoverable amount was assessed as nil using the value in use method.

The impact of the earthquake has been reflected in these financial statements with the information available to the date these financial statements are signed.

### CentrePort Limited Claim

During the period ended 30 June 2020, CentrePort Limited reached a full and final settlement on its insurance claim of \$472.5m. All insurance proceeds have been received by CentrePort Limited.

### CentrePort Properties Limited Claim

During the year ended 30 June 2019, CentrePort Properties Limited, including its associate property entities (SPVs), reached a full and final settlement on its insurance claim of \$175m. Of this, \$163m related to the SPVs and \$12m related to CentrePort Properties Limited. All insurance proceeds have been received by CentrePort Properties Limited and allocated to the SPVs as set out in the settlement agreement.

As the SPVs were equity accounted until 31 May 2019, the impact of the earthquake in relation to the SPVs is accounted for separately.

The following table shows the net proceeds applied in the financial statements for the year ended 30 June 2020:



The following table shows the net proceeds applied in the financial statements for the year ended 30 June 2020

	<b>Material Damage \$000s</b>	<b>Business Interruption \$000s</b>	<b>Settlement 2017-2020 \$000s</b>	<b>Actual 2020 \$000s</b>	<b>Actual 2019 \$000s</b>
Loss of gross profits and rents	-	39,586	39,586	15,502	6,622
Temporary works expenditure incurred to date	9,958	67,195	77,153	-	24,220
Material damage – preliminary estimates	394,349	-	394,349	183,580	59,540
Discount for Early Settlement	-	(13,082)	(13,082)	(13,082)	-
Deductible buydown	(10,944)	(2,556)	(13,500)	(13,500)	-
<b>Total insurance income</b>	<b>393,363</b>	<b>91,143</b>	<b>484,506</b>	<b>172,500</b>	<b>90,382</b>
Total insurance income	393,363	91,143	484,506	484,506	312,005
Less progress payments received	(393,363)	(91,143)	(484,506)	(484,506)	(262,005)
<b>Receivable as at 30 June 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,000</b>

### Impairment of Assets

CentrePort's key infrastructural assets, such as wharves and pavements, are held at cost less accumulated depreciation and impairments. These assets were subject to technical and engineering assessments following the earthquake to assess whether they were partly damaged or completely destroyed and need to be derecognised. Those assets considered to be destroyed have been completely impaired. CentrePort continues to assess the carrying value of the partially damaged assets for impairment. However, as engineering estimates are not yet finalised the estimates for impairment may be subject to change in future periods.

	<b>Group</b>	
	<b>Actual 2020 \$000s</b>	<b>Actual 2019 \$000s</b>
<b>Asset impairment arising out of the earthquake:</b>		
- Estimated asset impairments relating to damaged assets (Note 17)	1,199	2,621
- Reversal of Wellington Port Coldstore over-impairment	(381)	-
- Impairment and fair value write-down on investment properties owned by CenterPort Properties Limited (Note 20)	-	650
	<b>818</b>	<b>3,271</b>

### Port land

An adjustment of \$60.0m (2019: \$63.0m) 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 17.

### 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 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
<b>(a) Income tax recognised in profit or loss Tax expense/(benefit) comprises:</b>				
Current tax expense/(benefit)			1,223	2,861
Adjustments recognised in the current period in relation to the deferred tax of prior periods (note 10)	-	-	(3,403)	80
Deferred tax expense/(income) relating to the origination and reversal of temporary differences (note 10)	(179)	-	4,365	(4,759)
<b>Tax expense</b>	<b>179</b>	<b>-</b>	<b>2,185</b>	<b>(1,818)</b>
<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:</b>				
Surplus / (deficit) from operations	(18,691)	(28,715)	126,205	23,449
Income tax expense / (benefit) calculated at 28%	(5,233)	(8,040)	35,338	6,566
Surplus / (deficit) not subject to taxation				
Non-deductible expenses	121,567	110,258	125,641	114,503
Non-assessable income	(116,885)	(103,385)	(150,959)	(125,778)
Land and buildings reclassification	-	-	501	(286)
Tax loss offsets from or subventions paid to Group companies	-	-	-	-
Unused tax losses and temporary differences not recognised as deferred tax assets	1,845	1,867	12	(376)
Tax effect of imputation credits	(1,115)	(700)	(331)	(700)
Temporary differences	-	-	835	4,280
Permanent differences	-	-	(5,449)	-
(Under) / over provision of income tax in previous year	(179)	-	(3,403)	(27)
<b>Tax expense</b>	<b>-</b>	<b>-</b>	<b>2,185</b>	<b>(1,818)</b>

Greater Wellington's net income subject to tax consists of its assessable income net of related expenses derived from the Greater Wellington 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 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
<b>Tax expense/(benefit) is attributable to:</b>				
Continuing operations	-	-	2,185	(1,818)
	-	-	<b>2,185</b>	<b>(1,818)</b>

### (b) Tax loss sharing

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 percent of its available losses (now 28 percent), with the balance of losses offset, where the companies elect to do so. During the 2020 year, no subvention payments were made (2019: Nil) and no loss offsets occurred (2019: Nil).

The 2020 financial statements for the parent do not include any subvention payments to be received (2019: Nil) for utilisation of the Greater Wellington's net losses.

### (c) Key assumptions

A number of assumptions have been applied in the tax calculation as a result of the different tax rules that apply to insurance proceeds and asset repairs or reinstatement. The most material assumption is an allocation of \$268.2m of the insurance proceeds to assets that are likely to be deemed to be disposed for tax purposes. All insurance proceeds have now been received and allocated.

The allocation is based on the indemnity value of the key assets considered to be irreparable as a result of the earthquake. This assumption results in non-taxable capital gains in the current year of \$108.3m with a tax effect of \$30.3m (in the prior year non-taxable capital gains were \$59.5m with a tax effect of \$16.7m), being the proceeds over and above original cost.

The recovery of historic tax depreciation claimed on the assets deemed to be destroyed has been included in the current tax liability charge. However, amounts in relation to earthquake damaged wharves eligible for roll over relief have been included as a deferred tax liability (which will reduce the tax base on replacement wharves once completed). The remainder of the proceeds are deemed to be taxable in future years as the related expenditure on repairs will be deductible. A ruling and a factual review are being sought from Inland Revenue on these assumptions.

## 10 Deferred tax

	Council		Group	
	Actual 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
<b>The balance comprises temporary differences attributable to:</b>				
Tax losses	-	-	26,853	23,098
Temporary differences	-	-	809	1,821
	-	-	<b>27,662</b>	<b>24,919</b>
<b>Other</b>				
Temporary differences	-	-	(129,052)	(125,347)
<b>Subtotal other</b>	-	-	<b>(129,052)</b>	<b>(125,347)</b>
<b>Total deferred tax liabilities</b>	-	-	<b>(101,391)</b>	<b>(100,428)</b>

Movements – Group	Investment properties \$000s	Property, plant and equipment \$000s	Trade and other payables \$000s	Other financial liabilities \$000s	Tax losses \$000s	Insurance recoverable \$000s	Total \$000s
Balance at 1 July 2018	592	(77,257)	2,394	80	18,266	(32,309)	(88,234)
Charged to income	(705)	(566)	(818)	(80)	4,832	2,017	4,680
Charged to equity	-	(16,874)	-	-	-	-	(16,874)
<b>Balance at 30 June 2019</b>	<b>(113)</b>	<b>(94,697)</b>	<b>1,576</b>	<b>-</b>	<b>23,098</b>	<b>(30,293)</b>	<b>(100,428)</b>

Movements – Group	Investment properties \$000s	Property, plant and equipment \$000s	Trade and other payables \$000s	Other financial liabilities \$000s	Tax losses \$000s	Insurance recoverable \$000s	Total \$000s
Balance at 1 July 2019	(113)	(94,697)	1,576	-	23,098	(30,293)	(100,429)
Charged to income	113	2,120	(767)	-	3,754	(6,182)	(962)
<b>Balance at 30 June 2020</b>	<b>-</b>	<b>(92,577)</b>	<b>809</b>	<b>-</b>	<b>26,852</b>	<b>(36,475)</b>	<b>(101,391)</b>

	Council		Group	
	Actual 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
Tax losses	10,774	8,929	-	-
Temporary differences	-	-	-	-
	<b>10,774</b>	<b>8,929</b>	-	-

### Tax losses not recognised

Greater Wellington has \$38.480 million of unrecognised tax losses at Parent level (2019: \$31.889 million) available to be carried forward and to be offset against taxable income in the future. The tax effect of losses at 28 percent was \$10.774 million (2019: \$8.979 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 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
<b>Cash and cash equivalents</b>				
Cash at bank and in hand	9,338	9,857	259,392	101,585
Money market	-	7,000	-	7,000
<b>Total cash and cash equivalents</b>	<b>9,338</b>	<b>16,857</b>	<b>259,392</b>	<b>108,585</b>

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 Greater Wellington 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 2020 there are no funds invested in a money market term deposit (2019: \$7,000,000 at 1.88 percent).

Cash and cash equivalents includes cash in hand, deposits held on call with banks, and other short term, highly liquid investments with original maturities of three months or less.

## 12 Trade and other receivables

	Council		Group	
	Actual 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
<b>Debtors and other receivables</b>				
Rates outstanding*	14,000	12,126	14,000	12,126
Trade customers**	41,707	8,633	51,662	17,985
Accrued revenue	27,323	12,759	29,718	13,796
Less provision for impairment of receivables***	(859)	(981)	(959)	(981)
Other receivable	42	-	42	268
Prepayments	4,412	2,253	8,215	2,642
Water levies receivables	1,619	1,491	1,619	1,491
Other receivable	1,467	2,171	1,772	2,171
<b>Total debtors and other receivables</b>	<b>89,711</b>	<b>38,452</b>	<b>106,069</b>	<b>49,498</b>

\*Greater Wellington 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.

\*\*\* Greater Wellington reduced its impairment provision as its debtor portfolio was largely unaffected by the effects of the COVID-19 Alert Level restrictions.

	Council		Group	
	Actual 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
<b>Provision for impairment of receivables</b>				
Opening balance	(981)	(1,151)	(981)	(1,436)
Movement	122	170	22	455
<b>Closing balance</b>	<b>(859)</b>	<b>(981)</b>	<b>(959)</b>	<b>(981)</b>

The impairment provision has been determined based on a review of outstanding balances as at 30 June 2020.

	Council		Group	
	Actual 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
<b>Gross trade receivables</b>				
Not past due	37,794	6,828	43,443	14,008
Past due 31-60 days	626	56	3,154	1,599
Past due 61-90 days	208	244	340	489
Past due >90 days	3,079	1,505	3,368	1,889
<b>Total gross trade receivables</b>	<b>41,707</b>	<b>8,633</b>	<b>50,305</b>	<b>17,985</b>

## 13 Inventories

	Council		Group	
	Actual 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
<b>Inventories</b>				
Harbours	-	-	1,225	781
Water supply pipelines and chemicals	2,750	2,669	2,750	2,677
Wairarapa nursery stock	384	350	384	350
Emergency management	-	39	-	39
CentrePort spare stock	-	-	1,419	933
CentrePort fuel and stock	-	-	82	118
<b>Total inventory</b>	<b>3,134</b>	<b>3,058</b>	<b>5,860</b>	<b>4,898</b>

No inventories are pledged as securities for liabilities (2019 Nil)

## 14 Other financial assets

	Council		Group	
	Actual 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
<b>Other financial assets</b>				
Stadium advance	-	-	-	-
Civic Financial Services Limited shares	80	128	80	128
New Zealand Local Government Funding Agency Limited shares	6,241	5,153	6,241	5,153
New Zealand Local Government Funding Agency Limited borrower notes	6,800	6,400	6,800	6,400
Warm Wellington funding	8,169	9,985	8,169	9,985
Bank deposits with maturity terms more than three months	33,000	33,000	33,000	33,000
Bulk water supply contingency fund	37,337	34,151	37,337	34,151
Material damage property insurance contingency fund	10,097	9,428	10,097	9,428
Major flood contingency fund	7,113	6,694	7,113	6,694
Loan to WRC Holdings Limited	44,000	44,000	-	-
	<b>152,837</b>	<b>148,939</b>	<b>108,837</b>	<b>104,939</b>
Current financial assets	83,114	79,382	83,114	79,382
Non-current financial assets	69,723	69,557	25,723	25,557
<b>Total financial assets</b>	<b>152,837</b>	<b>148,939</b>	<b>108,837</b>	<b>104,939</b>

### **Advance to Wellington Regional Stadium Trust**

Greater Wellington 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. Greater Wellington without prejudice expects that the Stadium Trust will not repay the advance and consequently the asset is fully impaired.

### **Civic Financial Services Limited**

Greater Wellington holds 80,127 shares (2019: 80,127 shares) in the New Zealand Local Government Insurance Corporation, trading as Civic Financial Services Limited.

### **New Zealand Local Government Funding Agency Limited**

Greater Wellington is a founding shareholder of the New Zealand Local Government Funding Agency Limited (LGFA) and holds 1,866,000 fully paid \$1 shares (2019: 1,866,000). It has also invested \$6,800,000 (2019: \$6,400,000) in LGFA borrower notes, which return on average 1.10 percent as at 30 June 2020 (2019: 2.40 percent). 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.

### **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 Greater Wellington 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**

Greater Wellington has invested \$33,000,000 (2019: \$33,000,000) of its funds in short term deposits with an average rate of 2.27 percent (2019: 3.17 percent). They are recorded at fair value.

### **Bulk water supply contingency fund**

Greater Wellington is holding \$37,337,000 (2019: \$34,151,000) in bulk water supply contingency funds. These are invested as follows: \$32,337,000 (2019: \$29,151,000) in term deposits and \$5,000,000 (2019: \$5,000,000) in bank bonds. The weighted average rate is 2.50 percent (2019: 3.20 percent). The investments are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

### **Material damage property insurance contingency fund**

Greater Wellington has invested \$10,097,000 (2019: \$9,428,000) of its material damage property insurance contingency fund in short term deposits with an average rate of 2.13 percent (2019: 3.37 percent). The investments are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

### **Major flood contingency fund**

Greater Wellington has invested \$7,113,000 (2019: \$6,694,000) of its major flood contingency fund in a short term deposit with a rate of 2.00 percent (2019: 3.21 percent). The deposit is recorded at fair value.

### **Loan to WRC Holdings Limited**

Greater Wellington loaned \$44,000,000 (2019: \$44,000,000) to its wholly owned subsidiary WRC Holdings Limited. The rate at 30 June 2020 is 1.0175 percent (2019: 2.4175 percent) and is reset quarterly.

## 15 Aggregated joint venture information

Name of joint venture	Principal activity	2020 Percentage ownership %	2019 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%

\*The Special Purpose Vehicles Harbour Quays A1, Harbour Quays D4, and Harbour Quays F1F2 redeemed the Mandatory Convertible Notes issued to ACC on 31 May 2019. As a result the Group obtained full control and the Special Purpose Vehicles have been consolidated from that date. Refer to Note 16 for further information on this.

\* All companies are incorporated and operate in New Zealand

Group	Council and Group	
	Actual 2020 \$000s	Actual 2019 \$000s
Carrying amount at beginning of year	(190)	74,584
Consolidation of net assets of SPV's on acquisition	-	(84,992)
Equity accounted earnings of joint ventures*	(138)	10,218
Applied against loan balances	328	-
<b>Carrying amount at end of year</b>	<b>-</b>	<b>(190)</b>

## 16 Redemption of mandatory convertible notes

### Summary of acquisition

On 31 May 2019 the Group redeemed the mandatory convertible notes (MCNs) issued by Harbour Quays A1 Limited, Harbour Quays D4 Limited and Harbour Quays F1F2 Limited (the SPVs) to the Accident Compensation Corporation (ACC) and as a result acquired the control of the SPVs on 31 May 2019.

The SPVs were previously accounted for as joint ventures although the Group held 100 percent of the share capital in the SPVs.

As at the acquisition date the fair value of the equity interest in the SPVs held immediately before the acquisition

amounted to \$85 million, which includes the loss recognised as a result of redeeming the MCNs of \$9.7m. This loss on re-measurement of the previously held equity interest in SPVs is recognised within the share of profit/(loss) of Investments using the Equity Method in the statement of comprehensive income.

The control over the SPVs was obtained through the redemption of the MCN liabilities on 31 May 2019. The redemption amount was determined through a negotiation process and is deemed to be at fair value

**(a) Assets and liabilities acquired**

The assets and liabilities recognised as a result of the acquisition are as follows:

Fair value as at 31 May 2019	Fair value \$000s
Cash and cash equivalents	47,944
Trade receivables	845
Investment properties	36,873
Trade payables	(312)
Income tax payable	(84)
Income in advance	(274)
<b>Total consideration transferred</b>	<b>84,992</b>

There was no goodwill recognised as a result of the step acquisition as the fair value of the net assets acquired equals the fair value of the equity interest held immediately before the acquisition and there were no intangible assets or contingent liabilities identified that were not previously recorded as part of the SPV's net assets.

**(b) Purchase consideration – cash outflow**

Outflow of cash to acquire subsidiary, net of cash acquired	\$000s
Cash consideration	-
Less: Balances acquired	-
Cash	47,944
Bank overdraft	-
<b>Total consideration</b>	<b>47,944</b>

**(c) Acquired receivables**

The fair value of acquired trade receivables is \$0.8million. The gross contractual amount for trade receivables due is \$0.8 million, all of which is expected to be uncollectible.

**(d) Revenue and profit contribution**

The acquired businesses contributed revenues of \$4.4 million and net profit of \$10.3 million to the Group for the period from 1 July 2018 to 31 May 2019.

If the acquisition had occurred on 1 July 2018, consolidated pro forma revenue and profit for the period ended 31 December 2018 would have been \$4.7 million and \$11.4 million respectively.

These amounts have been calculated using the subsidiary's results and adjusting them for:

- Differences in the accounting policies between the Group and the subsidiary
- The additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 July 2018, together with the consequential tax effects.

**(e) Acquisition related costs**

Acquisition-related costs of \$72k are included in administrative expenses in the Statement of Comprehensive Income and in operating cash flows in the statement of cashflows.



## 17 Property, plant and equipment

Council 2020	Cost/ revaluation 1 Jul 2019 \$'000	Accumulated depreciation \$'000	Carrying amount 1 Jul 2019 \$'000	Current year additions \$'000	Current year disposals \$'000	Net depreciation \$'000	Transfers \$'000	Current year impairment charges \$'000	Revaluation surplus \$'000	Cost/ revaluation 30 Jun 2020 \$'000	Accumulated depreciation \$'000	Carrying amount 30 Jun 2020 \$'000
<b>Operating assets</b>												
<b>At cost and valuation</b>												
Land and buildings	33,334	(2,923)	30,411	1,799	(1,506)	222	205	(3,715)	-	30,117	(2,701)	27,416
Plant and equipment	12,617	(5,508)	7,109	695	(283)	(1,944)	261	-	-	13,290	(7,452)	5,838
Motor vehicles	8,293	(4,969)	3,324	1,053	(583)	(468)	-	-	-	8,763	(5,437)	3,326
<b>Total</b>	<b>54,244</b>	<b>(13,400)</b>	<b>40,844</b>	<b>3,547</b>	<b>(2,372)</b>	<b>(2,190)</b>	<b>466</b>	<b>(3,715)</b>	<b>-</b>	<b>52,170</b>	<b>(15,590)</b>	<b>36,580</b>
<b>Infrastructural assets</b>												
<b>At cost and revaluation</b>												
Flood protection	404,713	(2,560)	402,153	3,772	-	303	1,658	-	25,805	435,948	(2,257)	433,691
Navigational aids	2,254	-	2,254	-	-	(131)	-	-	-	2,254	(131)	2,123
Parks and forests	91,959	(2,034)	89,925	188	(240)	(2,169)	610	-	-	92,517	(4,203)	88,314
Transport infrastructure	32,245	-	32,245	421	-	(3,041)	7,136	-	-	39,802	(3,041)	36,761
Water infrastructure	603,585	(15,538)	588,047	114	(19)	(15,729)	175	-	-	603,855	(31,267)	572,589
Capital work in progress	32,977	-	32,977	30,934	-	-	(10,300)	-	-	53,611	-	53,611
Right to use	30,889	(1,544)	29,345	-	-	(1,544)	-	-	-	30,889	(3,088)	27,801
<b>Total</b>	<b>1,198,622</b>	<b>(21,676)</b>	<b>1,176,946</b>	<b>35,429</b>	<b>(259)</b>	<b>(22,311)</b>	<b>(721)</b>	<b>-</b>	<b>25,805</b>	<b>1,258,876</b>	<b>(43,987)</b>	<b>1,214,889</b>
<b>Total Council</b>	<b>1,252,866</b>	<b>(35,076)</b>	<b>1,217,790</b>	<b>38,976</b>	<b>(2,631)</b>	<b>(24,501)</b>	<b>(255)</b>	<b>(3,715)</b>	<b>25,805</b>	<b>1,311,046</b>	<b>(59,577)</b>	<b>1,251,469</b>

## 17 Property, plant and equipment continued

Council 2019	Cost / revaluation 1 Jul 2018 \$'000	Accumulated depreciation \$'000	Carrying amount 1 Jul 2018 \$'000	Current year additions \$'000	Current year disposals \$'000	Net depreciation \$'000	Transfers \$'000	Current year impairment charges \$'000	Revaluation surplus \$'000	Cost / revaluation 30 Jun 2019 \$'000	Accumulated depreciation \$'000	Carrying amount 30 Jun 2019 \$'000
<b>Operating assets</b>												
<b>At cost &amp; valuation</b>												
Land and buildings	29,226	(2,401)	26,825	6,236	(2,128)	(522)	-	-	-	33,334	(2,923)	30,411
Plant and equipment	15,660	(9,111)	6,549	2,159	(5,202)	3,603	-	-	-	12,617	(5,508)	7,109
Motor vehicles	7,599	(4,657)	2,942	1,311	(617)	(312)	-	-	-	8,293	(4,969)	3,324
<b>Total</b>	<b>52,485</b>	<b>(16,169)</b>	<b>36,316</b>	<b>9,706</b>	<b>(7,947)</b>	<b>2,769</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54,244</b>	<b>(13,400)</b>	<b>40,844</b>
<b>Infrastructural assets</b>												
<b>At cost &amp; valuation</b>												
Flood protection	400,021	(8,428)	391,593	12,648	(6,724)	5,869	-	(1,232)	-	404,713	(2,559)	402,154
Navigational aids	2,172	(393)	1,779	-	-	(70)	-	-	545	2,254	-	2,254
Parks and forests	90,041	-	90,041	1,919	(1)	(2,034)	-	-	-	91,959	(2,034)	89,925
Transport infrastructure	18,153	(3,615)	14,538	10,803	(2,810)	761	-	-	8,953	32,245	-	32,245
Water infrastructure	603,622	-	603,622	141	(178)	(15,538)	-	-	-	603,585	(15,538)	588,047
Capital work in progress	26,910	-	26,910	6,067	-	-	-	-	-	32,977	-	32,977
Right to use	-	-	-	30,889	-	(1,544)	-	-	-	30,889	(1,544)	29,345
<b>Total</b>	<b>1,140,919</b>	<b>(12,436)</b>	<b>1,128,483</b>	<b>62,467</b>	<b>(9,713)</b>	<b>(12,556)</b>	<b>-</b>	<b>(1,232)</b>	<b>9,498</b>	<b>1,198,622</b>	<b>(21,675)</b>	<b>1,176,947</b>
<b>Total Council</b>	<b>1,193,404</b>	<b>(28,605)</b>	<b>1,164,799</b>	<b>72,173</b>	<b>(17,660)</b>	<b>(9,787)</b>	<b>-</b>	<b>(1,232)</b>	<b>9,498</b>	<b>1,252,866</b>	<b>(35,075)</b>	<b>1,217,791</b>

## 17 Property, plant and equipment continued

Group 2020	Cost / revaluation 1 Jul 2019 \$'000	Accumulated depreciation \$'000	Carrying amount 1 Jul 2019 \$'000	Current year additions \$'000	Current year disposals \$'000	Net depreciation \$'000	Transfers \$'000	Current year impairment charges \$'000	Revaluation surplus \$'000	Cost / revaluation 30 Jun 2020 \$'000	Accumulated depreciation \$'000	Carrying amount 30 Jun 2020 \$'000
<b>Operating assets</b>												
Land and buildings	116,825	(18,659)	98,166	8,509	(1,507)	(1,064)	3,054	(12,033)	5,918	120,766	(19,723)	101,043
Plant and equipment	88,487	(43,035)	45,452	695	(288)	(7,112)	3,689	-	-	92,583	(50,147)	42,436
Motor vehicles	8,293	(4,969)	3,324	1,053	(583)	(468)	-	-	-	8,763	(5,437)	3,326
<b>Total</b>	<b>213,605</b>	<b>(66,663)</b>	<b>146,942</b>	<b>10,257</b>	<b>(2,378)</b>	<b>(8,644)</b>	<b>6,743</b>	<b>(12,033)</b>	<b>5,918</b>	<b>222,112</b>	<b>(75,307)</b>	<b>146,805</b>
<b>Infrastructural assets</b>												
<b>At cost and valuation</b>												
Flood protection	404,713	(2,560)	402,153	3,772	-	302	1,658	-	25,805	435,948	(2,258)	433,690
Parks and forests	91,959	(2,034)	89,925	187	(240)	(2,168)	610	-	-	92,517	(4,203)	88,314
Capital work in progress	47,343	-	47,343	65,764	-	-	(17,779)	-	-	95,328	-	95,328
Port wharves and paving	69,275	(51,253)	18,022	-	(19)	(1,204)	1,204	-	-	70,461	(52,458)	18,003
Navigational aids	2,254	-	2,254	-	-	(131)	-	-	-	2,254	(131)	2,123
Transport infrastructure	489,448	-	489,448	4,108	-	(23,866)	7,136	-	-	500,692	(23,866)	476,826
Water infrastructure	603,585	(15,538)	588,047	114	(19)	(15,728)	175	-	-	603,855	(31,266)	572,589
Right to use	30,889	(1,544)	29,345	-	-	(1,545)	-	-	-	30,889	(3,089)	27,800
<b>Total</b>	<b>1,739,466</b>	<b>(72,929)</b>	<b>1,666,537</b>	<b>73,945</b>	<b>(278)</b>	<b>(44,340)</b>	<b>(6,996)</b>	<b>-</b>	<b>25,805</b>	<b>1,831,942</b>	<b>(117,269)</b>	<b>1,714,673</b>
<b>Total Group</b>	<b>1,953,071</b>	<b>(139,592)</b>	<b>1,813,479</b>	<b>84,202</b>	<b>(2,656)</b>	<b>(52,984)</b>	<b>(253)</b>	<b>(12,033)</b>	<b>31,723</b>	<b>2,054,054</b>	<b>(192,576)</b>	<b>1,861,478</b>

## 17 Property, plant and equipment continued

Group 2019	Cost / revaluation 1 Jul 2018 \$'000	Accumulated depreciation \$'000	Carrying amount 1 Jul 2018 \$'000	Current year additions \$'000	Current year disposals \$'000	Net depreciation \$'000	Transfers \$'000	Current year impairment charges \$'000	Revaluation surplus \$'000	Cost / revaluation 30 Jun 2019 \$'000	Accumulated depreciation \$'000	Carrying amount 30 Jun 2019 \$'000
<b>Operating assets</b>												
Land and buildings	108,018	(17,847)	91,171	10,814	(2,250)	(812)	-	(757)	-	116,825	(18,659)	98,166
Plant and Equipment	97,546	(45,473)	52,073	5,587	(14,656)	2,448	-	-	-	88,487	(43,035)	45,452
Motor vehicles	7,599	(4,657)	2,942	1,311	(617)	(312)	-	-	-	8,293	(4,969)	3,324
<b>Total Group's property, plant and equipment</b>	<b>214,029</b>	<b>(67,977)</b>	<b>146,186</b>	<b>17,712</b>	<b>(17,523)</b>	<b>1,324</b>	<b>-</b>	<b>(757)</b>	<b>-</b>	<b>213,605</b>	<b>(66,663)</b>	<b>146,942</b>
<b>Infrastructural assets</b>												
Flood protection	400,021	(8,429)	391,592	12,648	(6,724)	5,869	-	(1,232)	-	404,713	(2,559)	402,154
Parks and forests	90,041	-	90,041	1,919	(1)	(2,034)	-	-	-	91,959	(2,034)	89,925
Capital work in progress	38,337	-	38,337	9,006	-	-	-	-	-	47,342	-	47,342
Port wharves and paving	68,219	(50,228)	17,991	1,056	-	(1,025)	-	-	-	69,275	(51,253)	18,022
Navigational aids	2,172	(393)	1,779	-	-	(70)	-	-	545	2,254	-	2,254
Transport infrastructure	480,501	(67,624)	412,877	28,888	(5,854)	(15,680)	-	-	69,216	489,449	-	489,449
Water infrastructure	603,622	-	603,622	141	(178)	(15,538)	-	-	-	603,585	(15,538)	588,047
Right to use	-	-	-	30,888	-	(1,544)	-	-	-	30,888	(1,544)	29,344
<b>Total infrastructural assets</b>	<b>1,682,913</b>	<b>(126,674)</b>	<b>1,556,239</b>	<b>84,546</b>	<b>(12,757)</b>	<b>(30,022)</b>	<b>-</b>	<b>(1,232)</b>	<b>69,761</b>	<b>1,739,465</b>	<b>(72,928)</b>	<b>1,666,537</b>
<b>Total Group's property, plant and equipment</b>	<b>1,897,076</b>	<b>(194,651)</b>	<b>1,702,425</b>	<b>102,258</b>	<b>(30,280)</b>	<b>(28,698)</b>	<b>-</b>	<b>(1,989)</b>	<b>69,761</b>	<b>1,953,070</b>	<b>(139,591)</b>	<b>1,813,479</b>

## 17 Property, plant and equipment continued

### Infrastructural assets further disclosures

Council 2020	Closing book value \$000s	Additions		Estimated replacement cost \$000s
		Constructed by Council \$000s	Assets transferred to Council \$000s	
<b>Infrastructural assets</b>				
Water treatment plants and facilities	257,986	51	-	283,371
Other water assets	314,604	238	-	338,327
Flood protection and control works	433,690	5,430	-	433,690
<b>Total infrastructural assets</b>	<b>1,006,280</b>	<b>5,719</b>	<b>-</b>	<b>1,055,388</b>

Council 2019	Closing book value \$000s	Additions		Estimated replacement cost \$000s
		Constructed by Council \$000s	Assets transferred to Council \$000s	
<b>Infrastructural assets</b>				
Water treatment plants and facilities	265,363	90	-	273,324
Other water assets	322,684	51	-	332,364
Flood protection and control works	402,154	12,648	-	425,477
<b>Total infrastructural assets</b>	<b>990,201</b>	<b>12,789</b>	<b>-</b>	<b>1,031,165</b>

### Capital Work in Progress

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

### Service Concession Arrangement

#### Background:

Greater Wellington (as grantor) has entered into an arrangement with Transit, NZ Bus, and Mana (the Operators) to provide bus services. The arrangement requires Operators to provide timetable services using double decker buses under contracts terms of 15 years.

During this period, the operator will earn revenues from operating the buses while Greater Wellington pays the service fees and substantively controls the use of the double decker buses as specified in the agreement. At the end of the contract term, the ownership of those buses will transfer to Greater Wellington with the price determined using a contracted formula.

#### Service concession asset

The double decker buses were initially recognised at fair value of \$31 million in 2018/19 and have been subsequently measured in accordance with PBE IPSAS 32. They have an estimated useful life of 20 years and are depreciated on a straight line basis.

#### Service concession liability

\$31 million of financial liability in relation to the service concession arrangement has also been initially recognised in 2018/19. This financial liability has been subsequently accounted for using the amortised cost model leading to finance expenses over 15 years.

## Operational Port Land

Operational Port Land is measured at fair value less any allowance for impairment.

Operational Port Land was independently valued by Colliers International, a registered valuer, on 30 June 2020. The assessed value at that time was \$122.4m which was adjusted by \$60.0m for estimated Operational Port Land resilience costs, to arrive at fair value for financial reporting

purposes. \$12.1m of Operational Port Land was reclassified from Commercial Zoned and Other Port Land to Industrial Zoned Land in line with Collier's valuation.

Due to the outbreak of the Coronavirus (COVID-19) there is a material valuation uncertainty regarding the assessed value of the Operational Port Land. Please see the Summary of Significant Accounting Policies for more detail.

	Council		Group	
	Actual 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
Industrial Zoned Land	-	-	94,725	79,590
Commercial Zoned	-	-	2,200	8,832
Other Port Land	-	-	25,495	25,231
	-	-	122,420	113,653
Less Provisions for Land Resilience	-	-	(60,000)	(63,000)
Additions, Transfers, and Disposals of Port Land since valuation	-	-	-	2,738
<b>Total Operational Port Land</b>	-	-	<b>62,420</b>	<b>53,391</b>
<b>Industrial Zoned Land</b>				
Industrial Zoned Land as at 1 July	-	-	79,590	79,590
Additions	-	-	-	-
Transfers/Reclassifications	-	-	12,145	-
Increase / (decrease) in fair value	-	-	2,990	-
	-	-	<b>94,725</b>	<b>79,590</b>
<b>Commercial Zoned Land</b>				
Commercial Zoned Land as at 1 July	-	-	8,832	8,832
Additions	-	-	-	-
Transfers/Reclassifications	-	-	(6,548)	-
Increase / (decrease) in fair value	-	-	(83)	-
	-	-	<b>2,201</b>	<b>8,832</b>
<b>Other Port Land</b>				
Other Port Land as at 1 July	-	-	25,231	25,231
Additions	-	-	-	-
Transfers/Reclassifications	-	-	(2,716)	-
Increase / (decrease) in fair value	-	-	2,980	-
	-	-	<b>25,495</b>	<b>25,231</b>
<b>Provision for Land Resilience</b>				
Provision for Land Resilience as at 1 July	-	-	(63,000)	(63,000)
Additions	-	-	5,318	-
Transfers/Reclassifications	-	-	4,801	-
Change in Provision for Land Resilience charged to Revaluation Reserve	-	-	(7,119)	-
	-	-	<b>(60,000)</b>	<b>(63,000)</b>

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.

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) It is assumed that CentrePort will erect a structural sea wall along the reclamation edge to ensure that all sites offer appropriate stability for commercial development. All costs associated with the sea wall are to be borne by CentrePort and have been excluded from the valuer's assessed value. This has been taken into account in the fair value as noted in the "Operational Port Land Resilience" adjustment on page 125.

(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 \$000s	Valuation approach	Key valuation assumptions	Valuation impact
Industrial Zoned	\$88,100	Direct Sales Comparison approach	Weighted average land value - the rate per sqm applied to the subject property. This ranges from \$180psqm to \$1,500psqm	+/- 5% (\$4.4m)
Commercial Zoned	\$6,600	Capitalised Net Rental approach	Weighted average land value - the rate per sqm applied to the subject property. This ranges from \$50psqm to \$1,350psqm	+/- 5% (\$0.3m)
			Lessors interest yield - A rental percentage applied to the land value to arrive at current market ground rent. This ranges from 6.25% to 6.75%	- 0.5% \$0.6m + 0.5% -\$0.5m

### Operational Port Land resilience

An adjustment of \$63m (2018: \$63m) has been made to the fair value of Operational Port Land at 30 June 2019 to recognise the resilience work that needed to be undertaken to support the land. The resilience work 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.

### Valuation approach – other port 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 per square metre 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. This is then adjusted for the value of the right to renew if it is a perpetual lease or the Present Value of the market value of the site deferred until the 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.

Other port land	Fair value \$000s	Valuation approach	Key valuation assumptions	Valuation impact
Leasehold Land	\$22,500	Capitalised Net Market Ren	Weighted average land value the rate per sqm applied to the subject property. This ranges from \$125psqm to \$600psqm	+ 5% \$1.1m
			Lessors interest yield A rental percentage applied to the land value to arrive at current market ground rent. This ranges from 5.5% to 6.0%	0.5% \$2.1m + 0.5% \$1.7m
Leasehold Land	\$3,000	Market Capitalisation	Market capitalisation rate the rate of return determined through analysis of comparable, market related sales transactions, which is applied to a property's sustainable net income to derive value. This is set at 9.0%	0.5% \$0.2m + 0.5% \$0.2m
			Discounted Cashflow	0.5% \$0.1m + 0.5% \$0.1m

Other key assumptions underlying the valuation are set out below:

- The 2020 rent reviews have not been undertaken or initiated by either party. The valuation assumes the rentals have remained at those levels previously payable.

### 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 2019 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.

## 18 Intangible assets

Council	Software \$000s	*Emission units \$000s	Total \$000s
<b>Year ended 30 June 2019</b>			
Opening net book amount	3,610	6,877	10,487
Additions	106	-	106
Disposals	(32)	-	(32)
Revaluation	-	791	791
Amortisation charge	(933)	-	(933)
<b>Closing net book amount</b>	<b>2,751</b>	<b>7,668</b>	<b>10,419</b>
<b>At 30 June 2019</b>			
Cost and valuation	10,684	7,668	18,352
Accumulated amortisation and impairment	(7,933)	-	(7,933)
<b>Net book amount</b>	<b>2,751</b>	<b>7,668</b>	<b>10,419</b>



## 18 Intangible assets continued

Council	Software \$000s	*Emission units \$000s	Total \$000s
<b>Year ended 30 June 2020</b>			
Opening net book amount	2,751	7,668	10,419
Additions	30	451	481
Revaluation	-	2,680	2,680
Net amortisation charge	(870)	-	(870)
<b>Opening net book amount</b>	<b>1,911</b>	<b>10,799</b>	<b>12,710</b>
<b>At 30 June 2020</b>			
Cost and valuation	10,714	10,799	21,513
Accumulated amortisation and impairment	(8,803)	-	(8,803)
<b>Net book amount</b>	<b>1,911</b>	<b>10,799</b>	<b>12,710</b>

Group	Goodwill \$000s	Software \$000s	*Emission units \$000s	Total \$000s
<b>Year ended 30 June 2019</b>				
Opening net book amount	2,674	4,147	6,877	13,698
Additions	-	156	-	156
Disposal	-	(35)	-	(35)
Revaluation	-	-	791	791
Amortisation charge **	-	(1,097)	-	(1,097)
<b>Closing net book amount</b>	<b>2,674</b>	<b>3,171</b>	<b>7,668</b>	<b>13,513</b>
<b>At 30 June 2019</b>				
Cost	2,674	14,955	7,668	25,297
Accumulated amortisation and impairment	-	(11,784)	-	(11,784)
<b>Net book amount</b>	<b>2,674</b>	<b>3,171</b>	<b>7,668</b>	<b>13,513</b>

Group	Goodwill \$000s	Software \$000s	Emission units \$000s	Total \$000s
<b>Year ended 30 June 2020</b>				
Opening net book amount	2,674	3,171	7,668	13,513
Additions	-	674	451	1,125
Revaluation	-	-	2,680	2,680
Disposal	-	-	-	-
Amortisation charge	-	(1,145)	-	(1,145)
<b>Closing net book amount</b>	<b>2,674</b>	<b>2,700</b>	<b>10,799</b>	<b>16,173</b>
<b>At 30 June 2020</b>				
Cost and valuation	2,674	15,629	10,799	29,102
Accumulated amortisation and impairment	-	(12,929)	-	(12,929)
<b>Net book amount</b>	<b>2,674</b>	<b>2,700</b>	<b>10,799</b>	<b>16,173</b>

No intangible assets are pledged as security for liabilities.

\*Greater Wellington 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.

\*\*The amortisation expense is included in operating expenses in the statement of comprehensive income.

## 19 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 \$000s	Maximum level of insurance coverage \$000s
Council assets	1,586,210	648,154
Rolling stock	509,900	175,000
<b>Total</b>	<b>2,096,110</b>	<b>823,154</b>

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 \$000s	Total value of assets self-insured \$000s
Council assets	98,971	1,091,321
Rolling stock	-	334,900
<b>Total</b>	<b>98,971</b>	<b>1,426,221</b>

Mean Damage Estimates are used based on a 1,000 year average return interval (ARI), targeting the Wellington Fault based on a magnitude 7.3 rupture to understand the risk and level of funds required to meet a catastrophic event.

The combined mean damage estimate for the Water underground assets and Flood Protection assets has been calculated at \$135 million and \$71 million respectively by Tonkin & Taylor and Aon. The Government will provide up to 60 percent 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.

The total value of all assets of the local authority that are covered by financial risk sharing arrangements, and the maximum amount available to the local authority under those arrangements

Greater Wellington's insurance cover is shared with Hutt City Council, Upper Hutt City Council, Kāpiti Coast District Council and Porirua City Council. Greater Wellington shares its building and equipment insurance with these four councils to the value of \$600 million, based on Greater Wellington's assets of \$671 million and sharing group assets of \$1.631 billion.

## 20 Investment properties

Greater Wellington holds no investment in properties.

The Group's investment properties comprise of CentrePort Limited Group developed and undeveloped investment properties.

Investment Property, which is property held to earn rental and/or for capital appreciation, is measured at its fair value determined by an independent valuer at the reporting date. Gains or losses arising from changes in fair value of investment property are recognised in profit or loss in the period in which they arise.

The Group has the following classes of

- Developed Investment Property
- Land Available for Development
- Lessors Interests.

### Valuation approach

The fair value of Freehold Investment Property is based on the highest and best use for commercial property.

Investment properties are measured at fair value, which is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset at the reporting date.

Due to the outbreak of the Coronavirus (COVID-19) there is a material valuation uncertainty regarding the assessed value of Investment Property. Please see the Summary of Significant Accounting Policies for more detail.

### Developed Investment Property – Valuation

Developed Investment Property consists of the building and a leasehold interest in the land for the Customhouse. The property is leased to a third party.

The Developed Investment Property was valued on 30 June 2020 by independent registered valuers of the firm

Colliers International. The property is valued in accordance with Australia and New Zealand Valuation and Property Standards for assessing the market value of the property, in particular Valuation Guidance Note ANZVGN 9 – Assessing rental value and PBE IPSAS 16 – Investment Property.

Developed Investment Property is valued using a combination of the following approaches:

- Market capitalisation approach – This is where the fair value is determined by capitalising the property's market ground rental with reference to sales of lessors' interests, and then an allowance is made for the difference between contract rent (either over or under) discounted until a notional equilibrium point in the lease term
- Discounted cashflow approach – This is where fair value is determined by a present value of the projected cashflow of the property over a period, making allowances for such variables as discount rates, growth rates, rental levels, vacancy allowances, capital expenditure and outgoings, and terminal yields.
- Contract Income approach – This is where fair value is determined by directly capitalising the passing income. This method is effective where income is receivable from a secure tenant; however, this is less effective where the current contract rent varies from the assessed market rent due to various factors

#### Land Available for Development – Valuation

Land Available for Development is valued using the direct sales comparison approach. This is where the subject property is compared with recently sold properties of a similar nature with fair value determined through the application of positive and negative adjustments for their differing features. In carrying out this comparison, consideration is given to sales of similar property within the wider Wellington Region.

Land Available for Development is valued using the direct sales comparison approach. This is where the subject property is compared with recently sold properties of a similar nature with fair value determined through the application of positive and negative adjustments for their differing features. In carrying out this comparison, consideration is given to sales of similar property within the wider Wellington region.

Other key assumptions underlying the valuation are set out below:

- It is assumed that all 'normal' site services are fully reinstated, and no allowance has been made for any remedial or repair work required to the site or surrounding land and infrastructure.
- The valuation is based on the current Masterplan and the provision of several development sites across the precinct. Any alteration to the Masterplan or development sites may have an impact on the valuation.
- There are limitations to the soil along the reclamation edge and ground improvements are needed across the sites to mitigate the risk of lateral spread. This was factored into the valuation and the adopted values reflect the requirement for additional sub terrain site strengthening costs likely to be incurred as part of any new development.
- The valuation assumed that CentrePort will erect a structural sea wall along the reclamation edge to ensure that all sites offer appropriate stability for commercial development. All costs associated with the sea wall are assumed to be borne by CentrePort and have been excluded from Collier's valuation. This has been estimated and deducted from the assessed value to measure the fair value in these financial statements.
- Due to low market confidence in the precinct (particularly for office uses); market assurance needs to be regained. This is perceived to be difficult should CentrePort decide against a strengthened seawall and elect for a compromised alternative solution.
- All interim income generated from the vacant sites has been disregarded. This income does help offset operating expenses and holding costs; however, many of the 'vacant' land sales referenced to value the subject land, also similarly have existing income pending redevelopment.
- The former BNZ Building is in the process of being deconstructed. It is assumed that this work is complete and the land is vacant. No allowances for the cost of this were included in Collier's valuation. This has been estimated and deducted from the assessed value to measure the fair value recognised in these financial statements.

After allowing for impairment based on the expected costs to repair or demolish the properties, the fair value of Land Available for Development is \$30.0m (2019: \$25.1m).

## 20 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 \$000s	Valuation approach	Key valuation assumptions	Valuation impact
Developed Investment Property	29.9m	Market Capitalisation	Market capitalisation rate the rate of return determined through analysis of comparable, market related sales transactions, which is applied to a property's sustainable net income to derive value	+ 0.125% \$0.5m
		Contract income	Capitalisation rate the rate of return determined through analysis of comparable, market related sales transactions, which is applied to a property's sustainable net income to derive value. The rate selected was 7.75%	+ 0.125% \$0.5m
		Discounted Cashflow	Discount rate the rate of return used to determine the present value of future cash flows. The rate selected was 8.5%	+ 0.25% \$0.5m
Land Available for Development	39.6m	Direct Sales comparison	Weighted average land value the rate per sqm applied to the subject property. The rates applied ranged from \$100 \$2,500 per sqm	+ 5% \$2.0m

	Council		Group	
	Actual 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
<b>Investment properties</b>				
Developed investment properties brought forward	-	-	29,822	-
Additions / (disposals)	-	-	59	29,822
Increase / (decrease) in fair value	-	-	19	-
<b>Developed investment properties carried forward</b>	-	-	<b>29,900</b>	<b>29,822</b>
Land available for development brought forward	-	-	25,082	13,515
Additions / (disposals)	-	-	4,192	3,224
Consolidated from Special Purpose Vehicle's	-	-	-	7,801
Impairment and change in the value of developed investment property	-	-	-	107
Increase / (decrease) in fair value	-	-	729	435
<b>Land available for development carried forward</b>	-	-	<b>30,003</b>	<b>25,082</b>
<b>Total investment properties</b>	-	-	<b>59,903</b>	<b>54,904</b>

## 21 Investments in subsidiaries and associates

<b>Subsidiaries and associates</b>		<b>Equity holding 2020 %</b>	<b>2019 %</b>
WRC Holdings Limited	Subsidiary of Greater Wellington	100	100
Port Investments Limited*	Subsidiary of WRC Holdings Limited	-	100
CentrePort Limited	Subsidiary of WRC Holdings 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	15	20

All the companies mentioned above were incorporated in New Zealand and have a balance date of 30 June.

\*On 1 April 2020 Port Investments Limited was amalgamated into the Parent using the short form amalgamation process under the Companies Act 1993. Until the date of amalgamation, Port Investments Limited has been a wholly owned subsidiary of WRC Holdings. Port Investments Limited has been removed from the New Zealand register of companies.

All significant intragroup transactions have been eliminated on consolidation.

	<b>Actual 2020 \$000s</b>	<b>Actual 2019 \$000s</b>
WRC Holdings Limited shares	286,145	269,145
Wellington Water Limited	150	150
<b>Total investment in subsidiaries</b>	<b>286,295</b>	<b>269,295</b>

## 22 Derivative financial instruments

	<b>Council</b>		<b>Group</b>	
	<b>Actual 2020 \$000s</b>	<b>Actual 2019 \$000s</b>	<b>Actual 2020 \$000s</b>	<b>Actual 2019 \$000s</b>
<b>Current asset portion</b>				
Interest rate swap	-	-	-	-
<b>Total current asset portion</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non current asset portion</b>				
Interest rate swaps	1,293	1,056	1,293	1,056
<b>Total non current asset portion</b>	<b>1,293</b>	<b>1,056</b>	<b>1,293</b>	<b>1,056</b>
<b>Total derivative financial instruments assets</b>	<b>1,293</b>	<b>1,056</b>	<b>1,293</b>	<b>1,056</b>
<b>Current liability portion</b>				
Interest rate swaps	871	1,247	871	1,247
<b>Total current liability portion</b>	<b>871</b>	<b>1,247</b>	<b>871</b>	<b>1,247</b>
<b>Non current liability portion</b>				
Interest rate swaps	84,496	66,173	84,496	66,173
<b>Total non current liability portion</b>	<b>84,496</b>	<b>66,173</b>	<b>84,496</b>	<b>66,173</b>
<b>Total derivative financial instruments liabilities</b>	<b>85,367</b>	<b>67,420</b>	<b>85,367</b>	<b>67,420</b>
<b>Total net derivative financial instruments</b>	<b>(84,074)</b>	<b>(66,364)</b>	<b>(84,074)</b>	<b>(66,364)</b>

For more information on interest rate swaps and foreign exchange contracts, please refer to note 27 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.

## 23 Trade and other payables

	Council		Group	
	Actual 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
<b>Trade and other payables</b>				
Trade payables	53,539	36,486	69,228	53,518
Deposits and bonds	-	-	6	6
Revenue in advance	2,477	2,144	2,477	2,144
Accrued interest on borrowings	2,298	3,401	2,298	3,401
Amounts due to related parties	7,568	5,140	-	-
<b>Total current creditors and other payables</b>	<b>65,882</b>	<b>47,171</b>	<b>74,009</b>	<b>59,069</b>

Trade and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value approximates their fair value.

## 24 Debt

	Note	Council		Group	
		Actual 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
<b>Current debt liabilities</b>					
<b>Secured</b>					
Commercial paper	(ii)	94,655	64,713	74,929	64,713
Floating rate notes	(v)	25,000	-	25,000	-
Bank loans	(iii)	-	-	-	-
<b>Total current debt liabilities</b>		<b>119,655</b>	<b>64,713</b>	<b>99,929</b>	<b>64,713</b>
Committed lines	(i)	-	2,800	-	2,800
Bank loans	(iv)	-	-	-	-
Fixed rate bond	(vi)	25,000	25,000	25,000	25,000
Floating rate notes	(v)	375,000	375,000	375,000	375,000
<b>Total non current debt liabilities</b>		<b>400,000</b>	<b>402,800</b>	<b>400,000</b>	<b>402,800</b>
<b>Total debt liabilities</b>		<b>519,655</b>	<b>467,513</b>	<b>499,929</b>	<b>467,513</b>

### Terms and conditions

Greater Wellington provides security to lenders as required in the form of debenture stock which provides a charge over rates and rates income.

(i) Greater Wellington has no overdraft facility. As at 30 June 2020 Greater Wellington has \$105,000,000 (2019: \$105,000,000) of credit lines of which \$105,000,000 (2019: \$102,200,000) is undrawn. The three credit lines are for \$35,000,000 each, of which \$70,000,000 mature in 2022 and \$35,000,000 mature in 2024. 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 2020 the Group had no bank overdraft balance (2019: \$2,800,000).

(ii) Greater Wellington has issued five (2019: three) commercial paper securities as at 30 June 2020. Four mature within three months from balance date and one matures between 3 months and 1 year. Their weighted average interest rate is 0.59 percent (2019: 1.77 percent).

(iii) CentrePort has terminated its banking facilities during the year (2019: \$50,000,000). Greater Wellington Regional Council had guaranteed CentrePort's borrowings up to the full limit of their facility until they were cancelled in November 2019. CentrePort paid a guarantee fee to Greater Wellington Regional Council.

- (iv) WRC Holdings Limited has received a \$44,000,000 loan from Greater Wellington which matures on 15 October 2021 and is repriced quarterly. The loan has an interest rate of 1.1075 percent. (2019: 2.4175 percent) and is reset quarterly.
- (v) As at 30 June 2020 Greater Wellington has issued 13 (2019: 12) Floating Rate Notes (FRN) of \$25,000,000 each. They mature in between May 2021, April 2022, October 2023, June 2024, April 2025, June 2025, November 2025, June 2026, April 2027, April 2028, April 2029, April 2030 and April 2033 (2019: May 2021, April 2022, October 2023, June 2024, April 2025, June 2025, November 2025, June 2026, April 2027, April 2028, April 2029 and April 2033). The interest rates are ranging between 0.7925 percent and 1.2425 percent (2019: 2.1025 percent and 2.6425 percent). Greater Wellington has issued one \$30,000,000 (2019: one, \$30,000,000) FRN with a maturity of April 2023. The interest rate is 1.03 percent (2019: 2.43 percent). Greater Wellington has also issued one \$45,000,000 (2019: one, \$45,000,000) FRN with a maturity of October 2021. The interest rate is 0.7675 percent (2019: 2.1675 percent). The Interest rate of the Floating Rate Notes is reset quarterly based on the 90 day bank bill rate plus a margin.
- (vi) The \$25,000,000 fixed rate bond has a 4.31 percent coupon and is due for repayment in April 2031.

## 25 Employee entitlements and provisions

	Council		Group	
	Actual 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
<b>Current liability</b>				
Employee benefits	3,632	2,799	9,140	6,494
Other Provisions	1,068	525	1,068	525
	<b>4,700</b>	<b>3,324</b>	<b>10,208</b>	<b>7,019</b>
<b>Non-current portion</b>				
Employee benefits	152	137	509	419
<b>Total employee benefit liabilities</b>	<b>4,852</b>	<b>3,461</b>	<b>10,717</b>	<b>7,438</b>

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. 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.

The rate used for discounting the provision for future payments is 1.4 percent (2019: 2.5 percent).

	Annual leave \$000s	Long service leave \$000s	Earthquake repair works \$000s	Total \$000s
<b>Council 2020</b>				
Opening carrying value	2,799	137	525	3,461
Addition	834	15	-	1,799
Amounts used	-	-	(408)	(408)
<b>Carrying amount at end of year</b>	<b>3,633</b>	<b>152</b>	<b>117</b>	<b>4,852</b>
	Annual leave \$000s	Long service leave \$000s	Earthquake repair works \$000s	Total \$000s
<b>Council 2019</b>				
Opening carrying value	2,790	194	-	2,984
Addition	9	-	525	534
Amounts used	-	(57)	-	(57)
<b>Carrying amount at end of year</b>	<b>2,799</b>	<b>137</b>	<b>525</b>	<b>3,461</b>

## 26 Reconciliation of operating surplus/(deficit) with cashflow from operating activities

	Council		Group	
	Actual 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
Surplus / (deficit) after tax	(18,690)	(28,715)	124,021	25,267
Add / (less) non cash items				
Depreciation and amortisation	28,431	25,266	57,191	51,507
Impairment of property, plant and equipment	-	-	-	(1,021)
Sale of fixed assets	2,707	3,112	3,905	5,449
Borrowings	-	-	(108)	-
Equity accounted earnings from associate companies	-	-	-	(10,311)
Change in value of future tax benefit	-	-	1,117	(2,377)
EQ related cost	-	-	-	3,271
Emission units allocated for no value	(451)	-	(451)	-
Changes in fair value of derivative financial instruments	17,711	25,302	17,711	25,302
Changes in fair value of stadium advance	-	423	-	423
Movement in provision for impairment of doubtful debts	(122)	(170)	(122)	(170)
Add / (less) movements in working capital				
Accounts receivable	(51,136)	(322)	(53,838)	295
Warm Wellington receivable	1,818	1,211	1,818	1,211
Inventory	(79)	37	(973)	(444)
Borrowings	-	-	-	-
Accounts payable	16,775	4,210	9,402	7,249
Employee provisions	1799	(49)	3,687	(240)
Insurance receivable	-	-	50,000	9,268
Tax	-	-	(2,295)	436
Other	-	-	145	38
Add / (less) items classified as investing or financing				
Accounts payable related to fixed assets	-	-	(1,782)	(1,052)
Prepayments related to property plant and equipment	-	-	3,583	-
Inc / (Dec) Gain /Loss on disposal of property, plant and equipment	-	(174)	-	(175)
Inc / (Dec) Gain/Loss on disposal of investment	-	(22)	-	(22)
Inc / (Dec) in insurance progress payment schedule	-	-	(206,998)	(68,804)
Other	-	-	-	(1,141)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(1,237)</b>	<b>30,109</b>	<b>6,013</b>	<b>43,959</b>



## 27 Financial instruments

Greater Wellington and the Group have a series of policies to manage the financial risks associated with their operation. These risks include market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cashflow interest rate risk.

Greater Wellington and the 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 Greater Wellington 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 2020 Greater Wellington does not have any material foreign exchange contracts (2019: Nil). In the Group there are no material foreign exchange contracts as at 30 June 2020 (2019: 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 2020 the Group had entered into the following interest rate swap agreements:

	Council		Group	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
<b>Interest rate swaps maturities</b>				
Less than one year	30,000	45,000	30,000	45,000
One to two years	55,000	30,000	55,000	30,000
Two to five years	95,000	95,000	95,000	95,000
Greater than five years	240,000	285,000	240,000	285,000
<b>Total fair value interest rate risk</b>	<b>420,000</b>	<b>455,000</b>	<b>420,000</b>	<b>455,000</b>

At 30 June 2020, the fixed interest rates of swaps of the Council and Group vary from 1.20 percent to 5.40 percent (2019: 2.8175 percent to 5.40 percent).

#### 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.

**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.

<b>30 June 2020</b>	<b>Council +1% Surplus/ (deficit) \$000s</b>	<b>Council +1% Equity \$000s</b>	<b>Council -1% Surplus/ (deficit) \$000s</b>	<b>Council -1% Equity \$000s</b>	<b>Group +1% Surplus/ (deficit) \$000s</b>	<b>Group +1% Equity \$000s</b>	<b>Group -1% Surplus/ (deficit) \$000s</b>	<b>Group -1% Equity \$000s</b>
<b>Interest rate risk</b>								
<b>Financial assets</b>								
Cash at bank and term deposits	93	-	(93)	-	2,594	-	(2,594)	-
New Zealand Local Government Funding Agency Limited borrower notes	64	-	(64)	-	64	-	(64)	-
Bank deposits with maturity terms more than 3 months	330	-	(330)	-	330	-	(330)	-
Bulk water supply contingency fund	323	-	(323)	-	323	-	(323)	-
Material damage property insurance contingency fund	101	-	(101)	-	101	-	(101)	-
Major flood contingency fund	71	-	(71)	-	71	-	(71)	-
Bank bonds/Floating rate notes	-	-	-	-	-	-	-	-
Loan to WRC Holdings Limited	440	-	(440)	-	-	-	-	-
Derivatives	(446)	-	459	-	(446)	-	459	-
<b>Financial liabilities</b>								
Committed and uncommitted lines	-	-	-	-	-	-	-	-
Commercial paper	(946)	-	946	-	(749)	-	749	-
Floating rate notes	(4,000)	-	4,000	-	(4,000)	-	4,000	-
Derivatives	23,658	-	(25,756)	-	23,658	-	(25,756)	-
<b>Total sensitivity to interest rate risk</b>	<b>19,688</b>	<b>-</b>	<b>(21,773)</b>	<b>-</b>	<b>21,946</b>	<b>-</b>	<b>(24,031)</b>	<b>-</b>
<b>30 June 2019</b>								
<b>Interest rate risk</b>								
<b>Financial assets</b>								
Cash at bank and term deposits	169	-	(169)	-	1,086	-	(1,086)	-
New Zealand Local Government Funding Agency Limited borrower notes	60	-	(60)	-	60	-	(60)	-
Bank deposits with maturity terms more than 3 months	330	-	(330)	-	330	-	(330)	-
Bulk water supply contingency fund	292	-	(292)	-	292	-	(292)	-
Material damage property insurance contingency fund	94	-	(94)	-	94	-	(94)	-
Major flood contingency fund	67	-	(67)	-	67	-	(67)	-
Bank bonds/Floating rate notes	-	-	-	-	-	-	-	-
Loan to WRC Holdings Limited	440	-	(440)	-	440	-	(440)	-
Derivatives	(674)	-	702	-	(674)	-	702	-
<b>Financial liabilities</b>								
Committed and uncommitted lines	(28)	-	28	-	(28)	-	28	-
Commercial paper	(647)	-	647	-	(647)	-	647	-
Floating rate notes	(3,750)	-	3,750	-	(3,750)	-	3,750	-
Derivatives	24,462	-	(26,729)	-	24,462	-	(26,729)	-
<b>Total sensitivity to interest rate risk</b>	<b>20,815</b>	<b>-</b>	<b>(23,054)</b>	<b>-</b>	<b>21,732</b>	<b>-</b>	<b>(23,971)</b>	<b>-</b>

**(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 Greater Wellington's Treasury Risk Management Policy. No collateral is held by Greater Wellington 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 not expected to be realised.

**Concentration of credit risk**

Greater Wellington 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 Greater Wellington by the territorial authorities in the region on an agency basis. Funding for public transport is received from Waka Kotahi/NZ 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 \$50 million (2018: \$59 million) is recognised by CentrePort as a receivable in relation to insurance proceeds at balance date due from various insurance institutions. 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.

Credit risk	Council		Group	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
Cash at bank and term deposits	42,338	49,857	292,392	141,581
Trade and other receivables	89,711	38,452	106,069	49,498
Bank bonds/Floating rate note	5,000	5,000	5,000	5,000
New Zealand Local Government Funding Agency Limited borrower notes	6,800	6,400	6,800	6,400
Stadium advance	-	-	-	-
Derivative financial instrument assets	1,293	1,056	1,293	1,056
Bulk water supply contingency fund	32,337	29,151	32,337	29,151
Material damage property insurance contingency fund	10,097	9,428	10,097	9,428
Major flood contingency fund	7,113	6,694	7,113	6,694
Loan to WRC Holdings Limited	44,000	44,000	-	-
Insurance receivable	-	-	-	50,000
<b>Total credit risk</b>	<b>238,689</b>	<b>190,038</b>	<b>461,101</b>	<b>298,808</b>

**Credit quality of financial assets**

The credit quality of financial assets can be assessed by reference to Standard & Poor's credit rating or to historical information about counterparty default rates.

	Council		Group	
	2020 \$000s	2019 \$000s	2020 \$000s	2019 \$000s
<b>Counterparties with credit ratings</b>				
<b>New Zealand Local Government Funding Agency Limited borrower notes</b>				
AA+	6,800	6,400	6,800	6,400
<b>Cash at bank and term deposits</b>				
AA-	84,421	76,658	297,471	149,887
A	7,459	18,472	44,459	36,972
<b>Bank Bonds/Floating Rate Note</b>				
AA-	5,000	5,000	5,000	5,000
<b>Derivative financial instruments</b>				
AA-	1,293	1,056	1,293	1,056

**(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.

Greater Wellington 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 in either short term deposits or negotiable securities that are readily traded in the wholesale market. All counterparties have an A or better Standard and Poor's rating. CentrePort Limited reduces its exposure to liquidity risk through a bank overdraft and a New Zealand dollar commercial bill facility.

**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.

	Less than 3 months \$000s	Less than 1 year \$000s	1-2 years \$000s	2-5 years \$000s	More than 5 years \$000s	Contractual cashflows \$000s	Carrying amount \$000s
<b>Council 2020</b>							
<b>Financial liabilities</b>							
Trade and other payables	-	65,882	-	-	-	65,882	65,882
Commercial paper	75,000	20,000	-	-	-	95,000	94,655
Derivatives	2,061	12,108	14,073	35,588	21,428	85,258	85,367
Lines of credit	-	-	-	-	-	-	-
Floating rate notes	980	28,076	73,630	138,294	181,738	422,718	400,000
Fixed rate bond	-	1,078	1,078	3,234	31,464	36,854	25,000
<b>Total financial liabilities</b>	<b>78,041</b>	<b>127,144</b>	<b>88,781</b>	<b>177,116</b>	<b>234,630</b>	<b>705,712</b>	<b>670,904</b>
<b>Council 2019</b>							
<b>Financial liabilities</b>							
Trade and other payables	-	47,171	-	-	-	47,171	47,171
Commercial paper	65,000	-	-	-	-	65,000	64,713
Derivatives	2,699	8,068	10,905	28,205	20,288	70,165	67,420
Lines of credit	-	-	-	2,801	-	2,801	2,800
Floating rate notes	2,278	7,001	34,312	171,276	216,900	431,767	375,000
Fixed rate bonds	-	1,078	1,078	3,234	32,540	37,930	25,000
<b>Total financial liabilities</b>	<b>69,977</b>	<b>63,318</b>	<b>46,295</b>	<b>205,516</b>	<b>269,728</b>	<b>654,834</b>	<b>582,104</b>
<b>Group 2020</b>							
<b>Financial liabilities</b>							
Trade and other payables	-	74,009	-	-	-	74,009	74,009
Commercial paper	75,000	-	-	-	-	75,000	74,930
Derivatives	2,061	12,108	14,073	35,588	21,428	85,258	85,367
Floating rate notes	980	28,076	73,630	138,294	181,738	422,718	400,000
Fixed rate bond	-	1,078	1,078	3,234	31,464	36,854	25,000
<b>Total financial liabilities</b>	<b>78,041</b>	<b>115,271</b>	<b>88,781</b>	<b>177,116</b>	<b>234,630</b>	<b>693,839</b>	<b>659,306</b>
<b>Group 2019</b>							
<b>Financial liabilities</b>							
Trade and other payables	-	59,069	-	-	-	59,069	59,069
Commercial paper	65,000	-	-	-	-	65,000	64,713
Derivatives	2,699	8,068	10,905	28,205	20,288	70,165	67,420
Lines of credit	-	-	-	2,801	-	2,801	2,800
Floating rate notes	2,278	7,001	34,312	171,276	216,900	431,767	375,000
Fixed rate bond	-	1,078	1,078	3,234	33,618	39,008	25,000
<b>Total financial liabilities</b>	<b>69,977</b>	<b>75,216</b>	<b>46,295</b>	<b>205,516</b>	<b>270,806</b>	<b>667,810</b>	<b>594,002</b>

**(d) Fair value hierarchy disclosures**

For those instruments recognised at fair value in the statement of financial position, 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.

<b>Council</b>	<b>Significant non-observable inputs \$000s</b>	<b>Observable inputs \$000s</b>	<b>Quoted market price \$000s</b>	<b>Total \$000s</b>
30 June 2020				
<b>Financial assets</b>				
Bank bonds / notes	-	5,000	-	5,000
New Zealand Local Government Funding Agency Limited borrower notes	-	6,800	-	6,800
Civic Financial Services Limited shares	80	-	-	80
New Zealand Local Government Funding Agency Limited shares	6,241	-	-	6,241
Derivative financial instrument assets	-	1,293	-	1,293
<b>Total assets</b>	<b>6,321</b>	<b>13,093</b>	<b>-</b>	<b>19,414</b>
<b>Financial liabilities</b>				
Derivative financial instrument liabilities	-	85,367	-	85,367
Fixed rate bonds	-	25,000	-	25,000
Floating rate notes	-	400,000	-	400,000
<b>Total liabilities</b>	<b>-</b>	<b>510,367</b>	<b>-</b>	<b>510,367</b>

There were no transfers between the different levels of the fair value hierarchy.

<b>Council</b>	<b>Significant non-observable inputs \$000s</b>	<b>Observable inputs \$000s</b>	<b>Quoted market price \$000s</b>	<b>Total \$000s</b>
30 June 2019				
<b>Financial assets</b>				
Bank bonds / notes	-	5,000	-	5,000
New Zealand Local Government Funding Agency Limited borrower notes	-	6,400	-	6,400
Civic Financial Services Limited shares	128	-	-	128
New Zealand Local Government Funding Agency Limited shares	5,153	-	-	5,153
Derivative financial instrument assets	-	1,056	-	1,056
<b>Total assets</b>	<b>5,281</b>	<b>12,456</b>	<b>-</b>	<b>17,737</b>
<b>Financial liabilities</b>				
Derivative financial instrument liabilities	-	67,420	-	67,420
Fixed rate bonds	-	25,000	-	25,000
Floating rate notes	-	375,000	-	375,000
<b>Total liabilities</b>	<b>-</b>	<b>467,420</b>	<b>-</b>	<b>467,420</b>

There were no transfers between the different levels of the fair value hierarchy.

Group	Significant non observable inputs \$000s	Observable inputs \$000s	Quoted market value \$000s	Total \$000s
30 June 2020				
<b>Financial assets</b>				
Bank bonds / notes	-	5,000	-	5,000
New Zealand Local Government Funding Agency Limited borrower notes	-	6,800	-	6,800
Civic Financial Services Limited shares	80	-	-	80
New Zealand Local Government Funding Agency Limited shares	6,241	-	-	6,241
Derivative financial instrument assets	-	1,293	-	1,293
<b>Total assets</b>	<b>6,321</b>	<b>13,093</b>	-	<b>19,414</b>
<b>Financial liabilities</b>				
Derivative financial instrument liabilities	-	85,367	-	85,367
Fixed rate bonds	-	25,000	-	25,000
Floating rate notes	-	400,000	-	400,000
<b>Total liabilities</b>	-	<b>510,367</b>	-	<b>510,367</b>

There were no transfers between the different levels of the fair value hierarchy.

30 June 2019

<b>Financial assets</b>				
Bank bonds/notes	-	5,000	-	5,000
New Zealand Local Government Funding Agency Limited borrower notes	-	6,400	-	6,400
Civic Financial Services Limited shares	128	-	-	128
New Zealand Local Government Funding Agency Limited shares	5,153	-	-	5,153
Derivative financial instrument assets	-	1,056	-	1,056
<b>Total assets</b>	<b>5,281</b>	<b>12,456</b>	-	<b>17,737</b>
<b>Financial liabilities</b>				
Derivative financial instrument liabilities	-	67,420	-	67,420
Fixed rate bonds	-	25,000	-	25,000
Floating rate notes	-	375,000	-	375,000
<b>Total liabilities</b>	-	<b>467,420</b>	-	<b>467,420</b>

There were no transfers between the different levels of the fair value hierarchy.

**(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.

There were no transfers between the different levels of the fair value hierarchy during the period.

<b>Council</b>	<b>Level 3 \$000s</b>
Balance at 1 July 2019	5,281
Gain and losses recognised in the operating surplus or deficit	-
Gain and losses recognised in other comprehensive revenue and expense	1,040
Maturing debt / Transfer out	-
<b>Balance at 30 June 2020</b>	<b>6,321</b>
Balance at 1 July 2018	2,369
Gain and losses recognised in the operating surplus or deficit	-
Gain and losses recognised in other comprehensive revenue and expenses	2,912
Maturing debt / transfer out	-
<b>Balance at 30 June 2019</b>	<b>5,281</b>
<b>Group</b>	<b>Level 3 \$000s</b>
Balance at 1 July 2019	5,281
Gain and losses recognised in the operating surplus or deficit	-
Gain and losses recognised in other comprehensive revenue and expense	1,040
Maturing debt / Transfer out	-
<b>Balance at 30 June 2020</b>	<b>6,321</b>
Balance at 1 July 2018	2,369
Gain and losses recognised in the operating surplus or deficit	-
Gain and losses recognised in other comprehensive revenue and expense	2,912
Maturing debt / Transfer out	-
<b>Balance at 30 June 2019</b>	<b>5,281</b>



**(e) Financial instrument categories**

<b>Council</b>	<b>Assets at fair value through surplus or deficit \$000s</b>	<b>Assets at fair value through other comprehensive revenue and expense \$000s</b>	<b>Shares, loans and receivables \$000s</b>	<b>Held to maturity investments \$000s</b>	<b>Total \$000s</b>
<b>30 June 2020</b>					
Cash and cash equivalents	-	-	9,338	-	9,338
Receivables and pre payments	-	-	89,711	-	89,711
NZ Local Government Funding Agency shares	-	6,241	-	-	6,241
Civic Financial Services Limited shares	-	80	-	-	80
Wellington Water Limited shares	-	-	150	-	150
NZ Local Government Funding Agency Borrowers Notes	-	-	-	6,800	6,800
Warm Wellington Funding	-	-	8,169	-	8,169
Bank Deposits with maturity terms more than 3 months	-	-	-	33,000	33,000
Bulk Water Supply Contingency Fund	-	-	-	37,337	37,337
Material Damage Property Insurance Contingency Fund	-	-	-	10,097	10,097
Major Flood Contingency Fund	-	-	-	7,113	7,113
Derivative financial instruments	1,293	-	-	-	1,293
Loan to WRC Holdings Limited	-	-	-	44,000	44,000
<b>Total assets</b>	<b>1,293</b>	<b>6,321</b>	<b>107,368</b>	<b>138,347</b>	<b>253,329</b>
<b>30 June 2019</b>					
Cash and cash equivalents	-	-	9,857	7,000	16,857
Receivables and pre payments	-	-	38,452	-	38,452
NZ Local Government Funding Agency shares	-	5,153	-	-	5,153
Civic Financial Services Limited shares	-	128	-	-	128
Wellington Water Limited shares	-	-	150	-	150
NZ Local Government Funding Agency Borrowers Notes	-	-	-	6,400	6,400
Warm Wellington Funding	-	-	9,985	-	9,985
Bank Deposits with maturity terms more than 3 months	-	-	-	33,000	33,000
Bulk Water Supply Contingency Fund	-	-	-	34,151	34,151
Material Damage Property Insurance Contingency Fund	-	-	-	9,428	9,428
Major Flood Contingency Fund	-	-	-	6,694	6,694
Derivative financial instruments	1,056	-	-	-	1,056
Loan to WRC Holdings Limited	-	-	-	44,000	44,000
<b>Total assets</b>	<b>1,056</b>	<b>5,281</b>	<b>58,444</b>	<b>140,673</b>	<b>205,454</b>

<b>Group</b>	<b>Assets at fair value through surplus or deficit \$000s</b>	<b>Assets at fair value through other comprehensive revenue and expense \$000s</b>	<b>Shares, loans and receivables \$000s</b>	<b>Held to maturity investments \$000s</b>	<b>Total \$000s</b>
<b>30 June 2020</b>					
Cash and cash equivalents	-	-	259,392	-	259,392
Receivables and pre payments	-	-	106,069	-	106,069
NZ Local Government Funding Agency shares	-	6,241	-	-	6,241
Civic Financial Services Limited shares	-	80	-	-	80
Wellington Water Limited Shares	-	-	150	-	150
NZ Local Government Funding Agency Borrowers Notes	-	-	-	6,800	6,800
Warm Wellington Funding	-	-	8,169	-	8,169
Bank Deposits with maturity terms more than 3 months	-	-	-	33,000	33,000
Bulk Water Supply Contingency Fund	-	-	-	37,337	37,337
Material Damage Property Insurance Contingency Fund	-	-	-	10,097	10,097
Major Flood Contingency Fund	-	-	-	7,113	7,113
Derivative financial instruments	1,293	-	-	-	1,293
<b>Total assets</b>	<b>1,293</b>	<b>6,321</b>	<b>373,780</b>	<b>94,347</b>	<b>475,741</b>
<b>30 June 2019</b>					
Cash and cash equivalent	-	-	101,585	7,000	108,585
Receivables and prepayments	-	-	49,498	-	49,498
NZ Local Government Funding Agency shares	-	5,153	-	-	5,153
Civic Financial Services Limited shares	-	128	-	-	128
Wellington Water Limited shares	-	-	150	-	150
NZ Local Government Funding Agency borrowers notes	-	-	-	6,400	6,400
Warm Wellington Funding	-	-	9,985	-	9,985
Bank Deposits with maturity terms more than 3 months	-	-	-	33,000	33,000
Water Supply Contingency Investment	-	-	-	34,151	34,151
Material Damage Property Insurance Contingency Fund	-	-	-	9,428	9,428
Major Flood Contingency Fund	-	-	-	6,694	6,694
Derivative financial instruments	1,056	-	-	-	1,056
<b>Total assets</b>	<b>1,056</b>	<b>5,281</b>	<b>161,218</b>	<b>96,673</b>	<b>264,228</b>

<b>Council</b>	<b>Liabilities at fair value through surplus or deficit \$000s</b>	<b>Measured at amortised cost \$000s</b>	<b>Total \$000s</b>
<b>30 June 2020</b>			
Trade and other payables	-	65,882	65,882
Committed lines	-	-	-
Commercial paper	-	94,655	94,655
Floating rate notes	-	400,000	400,000
Fixed rate bond	-	25,000	25,000
Derivative financial instruments	85,367	-	85,367
<b>Total liabilities</b>	<b>85,367</b>	<b>585,537</b>	<b>670,904</b>
<b>30 June 2019</b>			
Trade and other payables	-	47,171	47,171
Committed lines	-	2,800	2,800
Commercial paper	-	64,713	64,713
Floating rate notes	-	375,000	375,000
Fixed rate bond	-	25,000	25,000
Derivative financial instruments	67,420	-	67,420
<b>Total liabilities</b>	<b>67,420</b>	<b>514,684</b>	<b>582,104</b>

<b>Group</b>	<b>Liabilities at fair value through surplus or deficit \$000s</b>	<b>Measured at amortised cost \$000s</b>	<b>Total \$000s</b>
<b>30 June 2020</b>			
Trade and other payables	-	74,009	74,009
Committed lines	-	-	-
Commercial paper	-	74,929	74,929
Floating rate notes	-	400,000	400,000
Fixed rate bond	-	25,000	25,000
Derivative financial instruments	85,367	-	85,367
<b>Total liabilities</b>	<b>85,367</b>	<b>573,938</b>	<b>659,305</b>
<b>30 June 2019</b>			
Trade and other payables	-	64,206	64,206
Committed lines	-	2,800	2,800
Commercial paper	-	64,713	64,713
Floating rate notes	-	375,000	375,000
Fixed rate bond	-	25,000	25,000
Derivative financial instruments	67,420	-	67,420
<b>Total liabilities</b>	<b>67,420</b>	<b>531,719</b>	<b>599,139</b>

## 28 Contingencies

	Council		Group	
	Actual 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
<b>Uncalled capital – WRC Holdings Limited</b>				
50,000,000 \$1 shares uncalled and unpaid	50,000	50,000	-	-
19,000,000 \$1 shares, 17,874,024 shares called and paid	1,126	18,126	-	-
3,500,000 \$1 shares uncalled and unpaid	3,500	-	-	-
Guarantee for CentrePort debt obligations	-	50,000	-	-
<b>New Zealand Local Government Funding Agency Limited</b>				
1,866,000 \$1 shares uncalled and unpaid	1,866	1,866	1,866	1,866
<b>Total contingencies</b>	<b>56,492</b>	<b>119,992</b>	<b>1,866</b>	<b>1,866</b>

Greater Wellington is a founding shareholder of the New Zealand Local Government Funding Agency Limited (LGFA). As part of the arrangement Greater Wellington has guaranteed the debt obligations of the LGFA along with 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 councils. Total security stock certificates on issue are \$12,437,500,000 (2019: \$9,840,000,000).

The Group has no contingent assets as at reporting date (2019: The Group made a claim with its insurers for damages incurred to its port assets and infrastructure from the November 2016 earthquake. The insurers have accepted that the damage is covered under the Group insurance policies, however, the final settlement amount has not yet been agreed).

## 29 Related party transactions

Related party disclosures have not been made for transactions with related parties that are on terms equivalent to arm's length transactions and balances.

Related party disclosures have also not been made for transactions with entities within the Greater Wellington 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

Greater Wellington has paid Wellington Regional Economic Development Agency (WREDA) totals grants of \$4.4m during the year (2019: \$4.4m). This grant partly funds WREDA activities, of supporting the development of economic development strategies and initiatives for the Wellington Region. Greater Wellington has collected these funds for the grant via the targeted WRS rate from all ratepayers.

During the year Greater Wellington issued commercial paper of \$19.725 million to its subsidiary CentrePort Limited through a private placement transaction. All terms and conditions were consistent with those prevailing in the market at the time.

### Key management personnel

Council	Parent Actual 2020 \$000s	Parent Actual 2019 \$000s
Remuneration	1,023	1,095
<b>Full time equivalent members</b>	<b>13</b>	<b>13</b>
Executive Leadership Team including the Chief Executive		
Remuneration	2,797	2,595
<b>Full time equivalent members</b>	<b>11</b>	<b>10</b>
<b>Total key management personnel remuneration</b>	<b>3,820</b>	<b>3,690</b>
<b>Total full time equivalent personnel</b>	<b>24</b>	<b>22</b>

Due to the difficulty in determining the full time equivalent for Councillors, the full time equivalent figure is taken as the number of Councillors.

## 30 Remuneration

### Chief Executive remuneration

For the year ending 30 June 2020, Greater Wellington's Chief Executive, appointed under section 42(1) of the Local Government Act 2002, received a total remuneration from Greater Wellington of \$444,495 (2019: \$440,522).

	Actual 2020 \$	Actual 2019 \$
<b>Councillor remuneration</b>		
Councillor R Blakeley	81,031	78,110
Councillor J Brash	66,790	66,415
Councillor I McKinnon (until 21 October 2019)	26,385	78,110
Councillor A Staples	92,821	80,492
Councillor B Donaldson (until 21 October 2019)	32,631	97,838
Councillor P Gaylor	81,519	69,661
Councillor S Kedgley (until 21 October 2019)	27,521	81,511
Councillor K Laban	66,338	65,403
Chair C Laidlaw (until 21 October 2019)	57,168	168,000
Councillor P Lamason	84,577	81,508
Councillor and Chair D Ponter	142,478	81,473
Councillor P Swain (until 21 October 2019)	27,521	81,473
Councillor D Ogden (until 21 October 2019)	22,245	65,403
Councillor C Kirk Burnnand	46,302	-
Councillor D Lee	51,544	-
Councillor G Hughes	53,323	-
Councillor J van Lier	45,459	-
Councillor R Connelly	44,291	-
Councillor T Nash	53,323	-
<b>Total Councillor's remuneration</b>	<b>1,103,267</b>	<b>1,095,397</b>

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 2020.

<b>Employee remuneration</b>	<b>Number of employees</b>	
	<b>2020</b>	<b>2019</b>
\$60,000 and below	62	80
\$60,001 \$79,999	151	142
\$80,000 \$99,999	146	129
\$100,000 \$119,999	74	77
\$120,000 \$139,999	51	47
\$140,000 \$159,999	15	13
\$160,000 \$179,999	19	22
\$180,000 \$199,999	10	6
\$200,000 \$239,999	9	8
\$240,000 \$459,999	7	7
<b>Total employees</b>	<b>544</b>	<b>531</b>
The number of full time employees as at 30 June	525	467
The full time equivalent number of all other non full time employees	57	64
The number of employees receiving total remuneration of less than \$60,000	62	80

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 – \$459,999.

## 31 Capital commitments and operating leases

	Council		Group	
	Actual 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
<b>Capital commitments</b>				
<b>Property, plant and equipment</b>	<b>4,105</b>	<b>606</b>	<b>77,575</b>	<b>80,153</b>

WRC Holdings Limited has no capital or operating commitments as at 30 June 2020 (2019: Nil).

At balance date CentrePort had entered into commitments for the acquisition of property, plant, and equipment amounting to of \$10.1m for the Group (2019: \$11.7m).

Greater Wellington Rail at balance date had commitments in respect of contracts for capital expenditure of \$63.3 million (2019: \$68 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 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
Within one year	16,834	13,597	17,060	13,929
After one year but no more than five years	67,561	66,670	68,176	67,622
More than five years	78,303	101,961	78,636	102,437
<b>Total non cancellable operating leases</b>	<b>162,698</b>	<b>182,228</b>	<b>163,872</b>	<b>183,988</b>

There are no restrictions placed upon the lessee by entering into these leases.

During the year \$2,664,059 was recognised as an expense in the statement of comprehensive income (2019: \$2,143,395). Contingent rent was not paid (2018: Nil).

### Operating leases as lessor

The Group leases its investment properties under operating leases. The lease terms have non-cancellable terms from one to four years. The future aggregated minimum lease receipts to be collected under non-cancellable operating leases are as follows:

	Council		Group	
	Actual 2020 \$000s	Actual 2019 \$000s	Actual 2020 \$000s	Actual 2019 \$000s
Within one year	3,443	3,328	21,581	21,384
After one year but no more than five years	7,680	8,208	60,921	64,902
More than five years	25,828	26,301	33,961	45,592
<b>Future minimum lease payments expected to be received in relation to non cancellable sub leases of operating leases not recognised in the financial statements</b>	<b>36,951</b>	<b>37,837</b>	<b>116,463</b>	<b>131,878</b>

No contingent rents have been recognised in the statement of comprehensive income during the period..

### Electric vehicle commitments

Greater Wellington agreed to a series of greenhouse gas (carbon) reduction targets for its corporate operations and areas of direct influence. As a result, Council has endorsed an action plan which puts forward a preference to accelerate the implementation of an electric bus fleet in the region by 2030.

Council has resolved to add 98 more electric buses to the current fleet of 10 electric buses in the Metlink fleet and has entered into contracts with operators for the supply of these. However the amounts payable are still commercially sensitive and have not been disclosed.

## 32 Severance payments

There were four employees (2019: two) who received severance payments of \$353,965 (2019: \$22,910). This disclosure has been made in accordance with section 33 of Schedule 10 of the Local Government Act 2002

## 33 Rating base information

	<b>Total</b>
(a) the number of rating units within the district or region of the local authority at the end of the preceding financial year:	204,711
(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:	\$148,307bn
(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.	\$73.3bn

## 34 Major variances between actual and budget

<b>Statement of comprehensive revenue and expenses</b>	<b>Council Actual 2020 \$000s</b>	<b>Budget 2020 \$000s</b>
<b>Revenue</b>		
Rates and levies	173,640	174,471
Grants and subsidies	150,204	80,759
Other revenue including gains and losses	104,598	130,916
<b>Operational Revenue and gains and losses</b>	<b>428,442</b>	<b>386,146</b>
<b>Expenditure</b>		
Finance costs	(22,369)	(24,382)
Employee benefits	(55,884)	(52,263)
Grants and subsidies	(206,189)	(203,883)
Other operating expenses including depreciation	(151,467)	(115,274)
	<b>(435,909)</b>	<b>(395,802)</b>
<b>Operational surplus/(deficit) for the year before transport improvements</b>	<b>(7,467)</b>	<b>(9,656)</b>
Grants and subsidies revenue	8,586	22,371
Transport improvement expenditure	(2,098)	-
<b>Net revenue/(expenditure) for transport improvements</b>	<b>6,488</b>	<b>22,371</b>
<b>Surplus/(deficit) for the year before tax and fair value gains / losses</b>	<b>(979)</b>	<b>12,715</b>
Asset revaluation	-	-
Fair value gains/(losses) in revenue and expenditure statement	(17,711)	8,800
<b>Total comprehensive income/(deficit) for the year</b>	<b>(18,690)</b>	<b>21,515</b>



<b>Balance sheet</b>	<b>Council Actual 2020 \$000s</b>	<b>Budget 2020 \$000s</b>
<b>Assets</b>		
Current	186,039	85,393
Non current	1,620,748	1,687,539
<b>Total assets</b>	<b>1,806,787</b>	<b>1,772,932</b>
<b>Liabilities</b>		
Ratepayers equity	1,103,138	1,161,508
Current liabilities	192,402	170,081
Non current liabilities	511,247	441,343
<b>Total equity and liabilities</b>	<b>1,806,787</b>	<b>1,772,932</b>
<b>Statement of cash-flow</b>		
Cashflows from operating activities	(1,237)	41,290
Cashflows from investing activities	(58,424)	(101,171)
Cashflows from financing activities	52,142	64,097
	-	-
<b>Net increase / (decrease) in cash, cash equivalents and bank overdraft</b>	<b>(7,519)</b>	<b>4,216</b>
Cash and cash equivalents at the beginning of the year	16,857	22,038
<b>Cash and cash equivalents at the end of the year</b>	<b>9,338</b>	<b>26,254</b>

Greater Wellington's 2019/20 net operating deficit before fair value gains and losses is \$979,000, compared to a budgeted surplus of \$12.7 million. Total comprehensive income is \$13.2 million including asset revaluation (\$27.3 million), fair value movements (negative \$17.7 million) which is \$8.3 million below budget.

### Significant components of this variance are:

#### 1. Grants and subsidies revenue

Transport grants and subsidies revenue was higher than budget by \$69.4m. This mainly reflects the unbudgeted \$30.9m COVID-19 support revenue and \$32.2m National Land Transport Fund (NLTF) transitional rail funding for improvements to the Wellington rail network both received from Waka Kotahi/NZ Transport Agency.

#### 2. Other revenue

Greater Wellington receives revenue from external fees and charges, interest, dividend revenue and any gains or losses on the disposal of assets. Other revenue was lower than budget by \$23.6m mainly due to fare revenue being \$24m lower than budget due to COVID-19 lockdown which resulted in no fare revenue from late March 2020 to 1 June 2020.

Transport improvement grants were \$13.8m lower due to delayed CAPEX mainly on Project NEXT which is still in procurement phase.

Reduced Public Transport costs were incurred of \$4.5 million due to lower expenditure on the Public Transport Operating Model project, Fares and Ticketing project, operator payments, trolley overhead wire maintenance and diesel costs.

#### 3. Other operating expenses

Other operating expenses are \$36m above budget mainly due to:

- National Land Transport Fund (NLTF) transitional rail funding for improvement payments to KiwiRail (\$32m).
- Increased costs within public transport due to Snapper contract extension renegotiation (\$2m).

#### 4. Finance Costs

Greater Wellington incurs finance costs on the debt it uses to fund capital expenditure. Finance costs are \$2m lower than budgeted due lower prevailing rates of interest during the second half of the year. This is reflected in the lower average interest rate of 0.59 percent compared to 1.77 percent for 2019.

## 5. Asset Revaluations

Greater Wellington re-values its assets on a regular basis. The revaluation of flood protection assets in the current year resulted in a higher value of these assets than anticipated.

## 6. Fair value adjustment

Fair value adjustments is unfavourable to budget by \$17.7m reflecting the decrease of the fair value of the interest rate swaps held by Greater Wellington due to the continuing decrease in market interest rates.

## 7. Current assets

Current assets are \$100.6m higher than budget mainly due to the following:

- Higher debtors balances due to Waka Kotahi/NZ Transport Agency outstanding balance at year end \$32m which is mainly a timing issue.
- Higher accrued revenue due to Waka Kotahi/NZ Transport Agency grants accrued at year end relating to the public transport costs reimbursements (\$26m).
- Other financial instruments balances being \$50m higher than budget due to investment of available funds acquired at favourable rates.
- Offsetting lower cash and cash equivalent balances due to above.

The key driver of the lower than budget ratepayer equity is the unfavourable variance to budget re the fair value adjustments referred to above.

## 8. Current and non-current liabilities

The key drivers of the higher level of liabilities compared to budget relate to the derivatives and non-interest bearing liabilities not being included in the budget position.

## 9. Cashflows

The overall cash position (including cash equivalents) is \$17m lower than budget mainly as a result of a lower operating cash inflows (\$42m) due to timing issues on receipt of grant and subsidy revenues from Waka Kotahi/NZ Transport Agency and reduced debt funding raised compared to budget (\$12m) which is offset by lower capex expenditure than budget (42m).

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# 35. Compliance with the Holidays Act 2003

Many public and private sector entities, including Greater Wellington Regional Council, are continuing to investigate historic underpayment of holiday entitlements. For such employers that have workforces that include differential occupational groups with complex entitlements, non-standard hours, allowances and/or overtime, the process of assessing compliance with the Holidays Act 2003 and determining the underpayment is time consuming and complicated.

Greater Wellington has commenced a process to determine the extent of associated liability. As at year end considerable progress has been made in this respect however the extent of Greater Wellington's exposure is still unknown.

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# 36. Events occurring after the balance date

No dividend was declared post balance date by WRC Holdings (2019: Nil).

Subsequent to balance date the Reserve Bank reduced the Official Cash rate (OCR) on 7 August to 1.0 percent and market interest rates have reduced. This will reduce interest costs on floating rate borrowings and increase the liability values for the existing floating to fixed interest rates swaps.

Financials statements will be authorised for issue by Council on 17 December 2020.

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.

# He tauākī whākinga a te Pūrongo ā-Tau mō te tau ka oti i te 30 o Hune 2020

## Annual Report disclosure statement for the year ended 30 June 2020

### What is the purpose of this statement?

The purpose of this statement is to disclose Greater Wellington'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.

Greater Wellington is required to include this statement in its Annual Report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations).

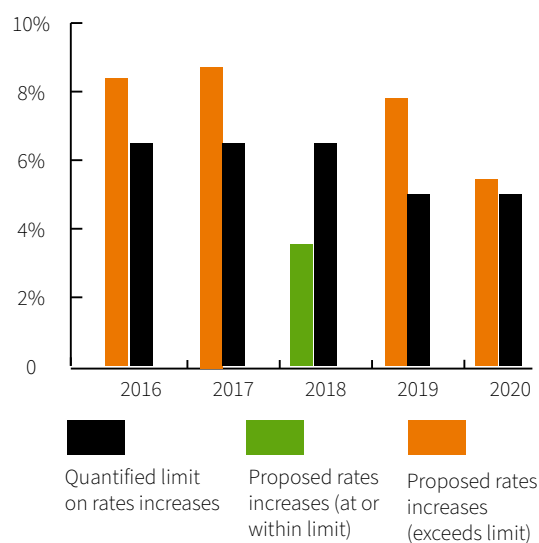
Refer to the regulations for more information, including definitions of some of the terms used in this statement.

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 Greater Wellington.

It is also important to keep in mind the overall strategy and policies the Council has also adopted when reading these graphs. These are included within the 2018-28 Long Term Plan.

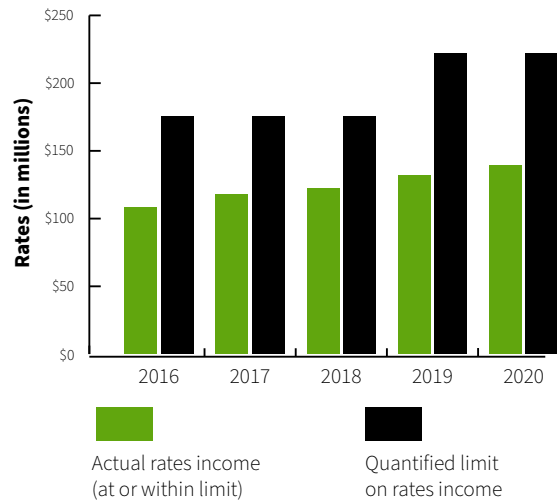
### Rates (increases) affordability

Greater Wellington adopted an average increase of 5.0 percent per annum (around \$30, GST inclusive, per year for the average residential ratepayer) in its 2018-28 Long Term Plan as it continues to significantly invest in improving the public transport network and the on-going flood protection programme.



## Rates income affordability

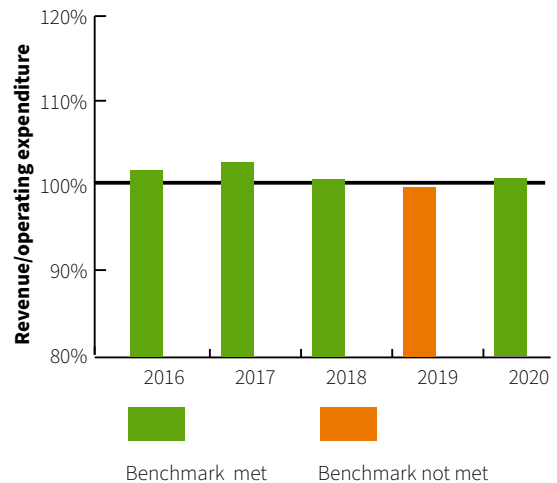
This graph shows the total rates.



## 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 has been exceeding this benchmark.

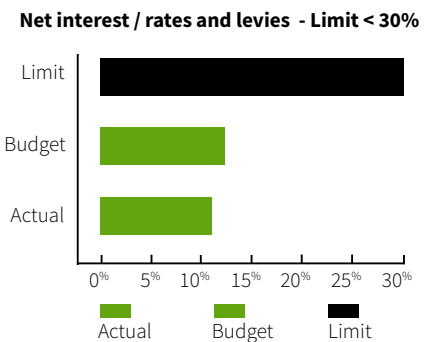
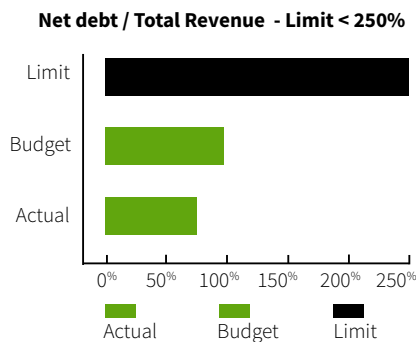
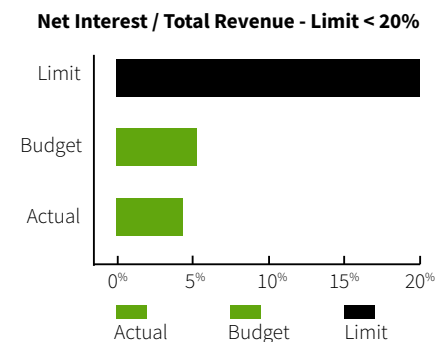


## Financial Strategy financial limits

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 2018-28 Long Term Plan.

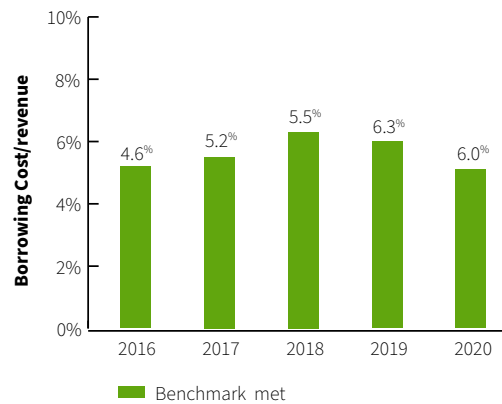
These graphs show that Greater Wellington is being managed within these financial prudential limits.



## 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 percent for non-high population growth regions.

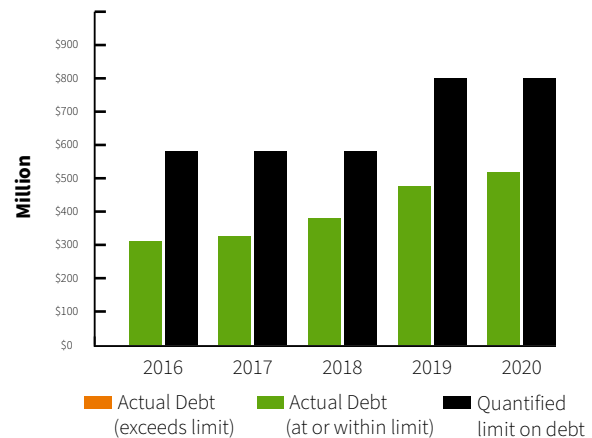
Greater Wellington continues to satisfy this benchmark test.



## Debt affordability graphs – debt balance

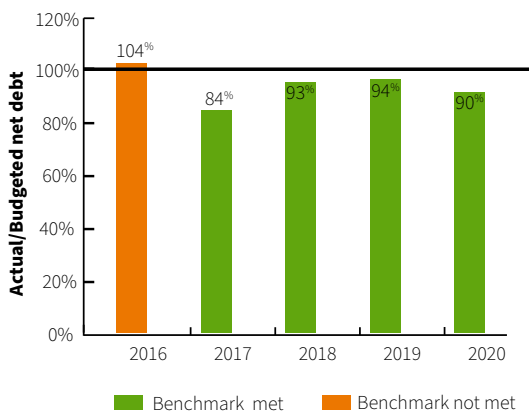
This graph shows the actual debt compared to the debt limit adopted in the 2018-28 Long Term Plan. In the 2018-28 Long Term Plan the debt projection was for debt to peak at \$763 million in 2024/25 as the full impact of the investment in upgrading the public transport network, the substantial flood protection work in the Hutt valley and the significant bulk water resilience projects are completed.

Greater Wellington continues to satisfy this benchmark test.

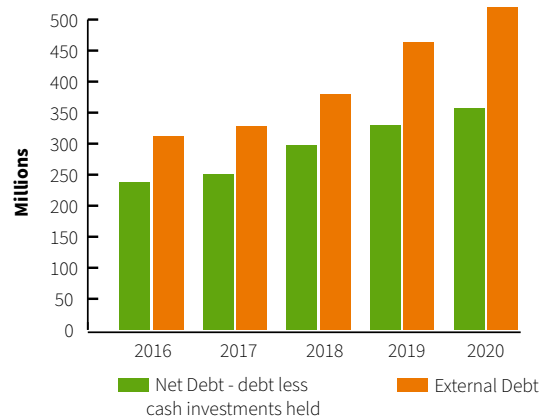


## Debt affordability graphs – debt benchmark

This graph indicates whether actual net debt is less than the budgeted net debt position. Percentages close to 100 percent indicate that our actual result is close to what we planned. Greater Wellington meets this benchmark.



This graph shows that cash investments significantly lower the overall outstanding debt position.



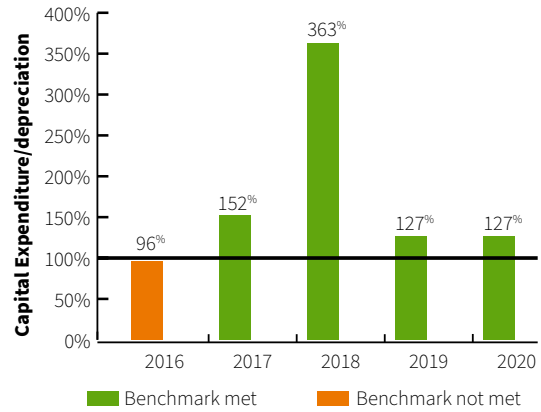
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## Essential services

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.

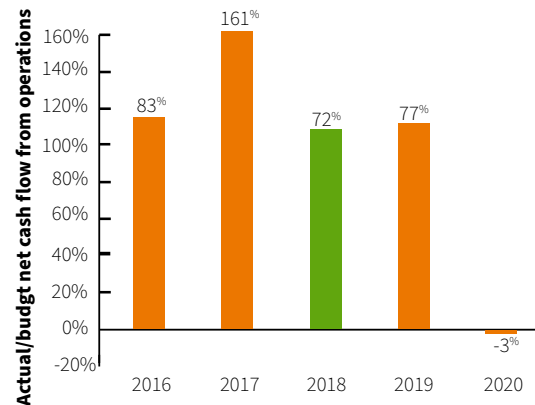
With very long life assets it will not be unexpected to have large periods of time where the results are below this benchmark level.



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## 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.



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# He tauākī mō te tutukinga o ngā tūtohu me ngā haepapa

## 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 2020 fairly reflect the financial position and operations of the Greater Wellington Regional Council.

Daran Ponter



Chair

17 December 2020

Greg Campbell



Chief Executive

17 December 2020

Alison Trustrum-Rainey



Chief Financial Officer

17 December 2020

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# He Pūrongo Arotake Pūtea

## Independent Auditor's Report

### To the readers of Greater Wellington Regional Council's annual report for the year ended 30 June 2020

The Auditor General is the auditor of Greater Wellington Regional Council (the Regional Council) and its subsidiaries and controlled entities (the Group). The Auditor General has appointed me, Clint Ramoo, using the staff and resources of Audit New Zealand, to report on the information in the Regional Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the Regional Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the Regional Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 17 December 2020. This is the date on which we give our report.

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## Opinion on the audited information

In our opinion:

- the financial statements on pages 88 to 91 and pages 97 to 152:
  - present fairly, in all material respects:
    - the Regional Council and Group's financial position as at 30 June 2020;
    - the results of the operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Reporting Standards;
- the funding impact statement on page 92, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's Long-term plan;
- the section entitled 'Activities of the Greater Wellington Regional Council' on pages 23 to 73
  - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2020, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 32 to 73 presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Regional Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 32 to 73 presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's Long term plan.



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## Report on the disclosure requirements

We report that the Regional Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 153 to 156, which represent a complete list of required disclosures and accurately reflects the information drawn from the Regional Council and Group's audited information and, where applicable, the Regional Council's long term plan and annual plans.

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## Emphasis of matters

Without modifying our opinion, we draw attention to the following matters.

### Uncertainties arising from the impact of the Kaikoura earthquake

Note 2.3 on page 100 and Note 8 on page 110 of the financial statements, explains the material impact of the Kaikoura earthquake on the Group. These notes link to disclosures in the financial statements about the significant uncertainties and judgements involved in the allocation of insurance proceeds for tax purposes and the fair value adjustment to operational port land for resilience work.

The valuation of the operational port land has also been impacted by Covid-19 as outlined below.

### Impact of Covid-19

Note 2.2 on pages 98 to 99 of the financial statements, describes the impact of Covid-19 on the Regional Council and Group. We draw specific attention to page 99 that describe the material uncertainties highlighted by the valuer, related to estimating the fair values of the Group's investment property and operational port land.

---

## Basis for our opinion on the audited information

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. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this 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 on the audited information.

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## Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the Regional Council and the Group or there is no realistic alternative but to do so.

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## Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit 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 this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the Regional Council's annual plan and Long-term plan.

We did not evaluate the security and controls over the electronic publication of the audited 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 audited 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 the Regional Council 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 Council.

- We determine the appropriateness of the reported intended levels of service in the section entitled 'Activities of the Greater Wellington Regional Council', as a reasonable basis for assessing the levels of service achieved and reported by the Regional Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the Regional Council 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 audit report to the related disclosures in the audited 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 audit report. However, future events or conditions may cause the Regional Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council 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 during our audit.

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## Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 2 to 165, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, 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 that fact. We have nothing to report in this regard.

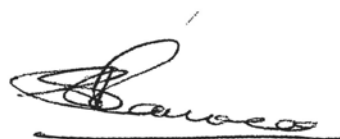
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## Independence

We are independent of the Regional Council 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: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we performed agreed upon procedures in respect of Greater Wellington Regional Council – Wellington Metropolitan Rail special purpose financial statements, performed a limited assurance engagement related to the Regional Council's debenture trust deed, and assurance services related to the procurement of the ITS financial services and the procurement of an integrated fares and ticketing system.

Other than these engagements, we have no relationship with, or interests in, the Regional Council or its subsidiaries and controlled entities.



Clint Ramoo  
Audit New Zealand  
On behalf of the Auditor General  
Wellington, New Zealand

**Ētahi atu  
taipitopito korero  
Other information**

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# Ngā Māngai a Rohe

## Regional Councillors as at June 2020

### KĀPITI COAST



**Penny Gaylor**

027 664 8869

[penny.gaylor@gw.govt.nz](mailto:penny.gaylor@gw.govt.nz)

### TE AWA KAIRANGI KI TAI/ LOWER HUTT



**Ken Laban**

029 200 0044

[ken.laban@gw.govt.nz](mailto:ken.laban@gw.govt.nz)



**Prue Lamason**

021 858 964

[prue.lamason@gw.govt.nz](mailto:prue.lamason@gw.govt.nz)



**Josh van Lier**

021 515 450

[josh.vanlier@gw.govt.nz](mailto:josh.vanlier@gw.govt.nz)

### PORIRUA-TAWA



**Jenny Brash**

027 354 4233

[jenny.brash@gw.govt.nz](mailto:jenny.brash@gw.govt.nz)



**Chris Kirk-Burnnand**

021 658 237

[chris.kb@gw.govt.nz](mailto:chris.kb@gw.govt.nz)

### TE AWA KAIRANGI KI UTA/UPPER HUTT



**Ros Connelly**

027 733 5076

[ros.connelly@gw.govt.nz](mailto:ros.connelly@gw.govt.nz)

### Wairarapa



**Adrienne Staples**

027 446 8060

[adrienne.staples@gw.govt.nz](mailto:adrienne.staples@gw.govt.nz)

### PŌNEKE/WELLINGTON



**Roger Blakeley**

021 229 6928

[roger.blakeley@gw.govt.nz](mailto:roger.blakeley@gw.govt.nz)



**Glenda Hughes**

027 495 3673

[glenda.hughes@gw.govt.nz](mailto:glenda.hughes@gw.govt.nz)



**Daran Ponter**

04 830 4246

027 454 0689

[daran.ponter@gw.govt.nz](mailto:daran.ponter@gw.govt.nz)



**David Lee**

021 220 2357

[david.lee@gw.govt.nz](mailto:david.lee@gw.govt.nz)



**Thomas Nash**

029 123 1536

[thomas.nash@gw.govt.nz](mailto:thomas.nash@gw.govt.nz)

# Ko te Tū ā Komiti o te Kaunihera

## Council committee structure

### As at 2020

(C) Chair

(D) Deputy Chair (if appointed)

(Co-C) Co-chair

#### Council

Cr Ponter (C)

Cr Staples (D)

Crs Blakeley, Brash, Connelly, Gaylor, Hughes, Kirk-Burnnand, Laban, Lamason, Lee, Nash, and van Lier.

Environment	Transport	Chief Executive Employment Review	Climate	Finance, Risk and Assurance	Regional Transport	Te Upoko Taiao – Natural Resources Plan	Wairarapa	Wellington Regional Strategy	Hutt Valley Flood Management
Cr Gaylor (C) Cr Connelly (D)	Cr Blakeley (C) Cr Lee (D)	Cr Hughes (C) Cr Gaylor (D)	Cr Nash (C) Cr Lee (D)	Mr Martin Matthews (C) Cr Kirk-Burnnand (D)	Cr Staples (C) Cr Ponter (D)	Cr Brash (Co-C)	Cr Staples (C)	Mayor Foster (C) Mayor Barry (D)	Cr Lamason (C) Cr van Lier (D)
Crs Blakeley, Brash, Hughes, Kirk-Burnnand, Laban, Lamason, Lee, Nash, Ponter, Staples, and van Lier.	Crs Brash, Connelly, Gaylor, Hughes, Kirk-Burnnand, Laban, Lamason, Nash, Ponter, Staples, and van Lier.	Crs Kirk-Burnnand, Laban, and Ponter.	Crs Brash, Connelly, Gaylor, Kirk-Burnnand, Laban, and van Lier.	Crs Blakeley, Connelly, Hughes, and Lamason.		Crs Connelly, Gaylor, Nash, Staples, and van Lier.	Crs Gaylor, and van Lier	Cr Lee	Crs Connelly, and Laban
Ms Barbie Barton			Dr Maria Bargh	Mayors Baker, Barry, Beijen, Foster, Guppy, Gurnathan, Lang and Patterson. Ms Speight (NZTA) Mr Gordon (KiwiRail)	Mr Carter Ms Ropata	Mayors Beijen, Lang and Patterson.	Mayors Baker, Guppy, Gurnathan and Patterson. Deputy Mayor Free. Crs Calvert and Condie	Mayor Guppy. Deputy Mayor Lewis. Crs Edwards and Wheeler	

# Ko tā Te Pane Matua Taiao tū

## Greater Wellington structure

<b>Greg Campbell</b> Chief Executive								
<b>Wayne Hastie</b>  General Manager Strategic Programmes	<b>Samantha Gain</b>  General Manager Corporate Services	<b>Nigel Corry</b>  Deputy Chief Executive and General Manager People and Customer	<b>Scott Gallacher</b>  General Manager Metlink	<b>Alistair Cross</b>  General Manager Environment Management	<b>Wayne O'Donnell</b>  General Manager Catchment Management	<b>Luke Troy</b>  General Manager Strategy	<b>Monica Fraser</b>  Te Pou Whakarae/ Te Hunga Whiriwhiri	<b>Jeremy Holmes</b>  Regional Manager WREMO
	Finance	Human Resources	Strategy and Investments	Resource Management	Flood Protection	Strategic and Corporate Planning		
	Information, Communication and Technology	Customer Engagement	Assets and infrastructure	Environmental Regulation	Land Management	Democratic Services		
	Legal and Procurement	Customer Contact	Operations	Environmental Science	Biodiversity	Regional Transport		
	Programme Management Office	Health, Safety and Wellbeing	Network and Customer	Parks	Biosecurity	Business Continuity and Emergency Management		
	Treasury		Commercial Partnerships	Harbour Management		Company Portfolio Management and Economic Development		











For more information, please contact Greater Wellington:

**Wellington office**

PO Box 11646  
Manners St  
Wellington 6142  
T 04 384 5708  
F 04 385 6960

**Masterton office**

PO Box 41  
Masterton 5840  
T 06 378 2484  
F 06 378 2146

**[www.gw.govt.nz](http://www.gw.govt.nz)**

[info@gw.govt.nz](mailto:info@gw.govt.nz)

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